



**NORTHWEST TERRITORIES
LEGISLATIVE ASSEMBLY**

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The Honourable Jeannie Marie-Jewell, Speaker

MEMBERS PRESENT

Mr. Allooloo, Mr. Antoine, Hon. Silas Arngna'naaq, Mr. Arvaluk, Mr. Ballantyne, Hon. Nellie Cournoyea, Mr. Dent, Mr. Gargan, Mr. Koe, Mr. Lewis, Hon. Jeannie Marie-Jewell, Hon. Rebecca Mike, Hon. Don Morin, Hon. Richard Nerysoo, Mr. Ng, Mr. Ningark, Mr. Patterson, Hon. John Pollard, Mr. Pudlat, Mr. Pudluk, Mr. Whitford, Mr. Zoe

ITEM 1: PRAYER

---Prayer

SPEAKER (Hon. Jeannie Marie-Jewell):

Thank you. Good afternoon. Item 2, Ministers' statements. The honourable Member for Hay River, Mr. Pollard.

ITEM 2: MINISTERS' STATEMENTS

Minister's Statement 64-12(5): Minister Absent From The House

HON. JOHN POLLARD:

Thank you, Madam Speaker. Good afternoon. Madam Speaker, I wish to advise Members that the Honourable Stephen Kakfwi is ill and will be absent from the House today. Thank you, Madam Speaker.

MADAM SPEAKER:

Thank you. Item 2, Ministers' statements. Item 3, Members' statements. The honourable Member for High Arctic, Mr. Pudluk.

ITEM 3: MEMBERS' STATEMENTS

Member's Statement On Shortage Of Garbage Cans In Legislative Assembly Building

MR. PUDLUK:

Thank you, Madam Speaker. Today I would like to make a very simple statement. It cost \$25 million to build this Legislative Assembly building. Somehow, we were tight for money and the government put in only \$10 million. We had to buy chairs, telephones and a lot of equipment for this building. Also, about 200 garbage cans had to be put into this building. Instead of 200 cans, there are only 199. That is all the government can afford. Today we are short one

garbage can. Since we've been here, my neighbour here hasn't had a garbage can.

---Laughter

And we have to share one garbage can. Every time he throws paper into my garbage can, he always touches my knee!

---Laughter

A lot of times, he misses the garbage can and there is a pile of papers under my desk. I went to the dump yesterday and I found a bucket.

---Laughter

So, I would like to give it to him.

---Laughter

Thank you, Madam Speaker.

---Applause

MADAM SPEAKER:

Thank you. Item 3, Members' statements. The honourable Member for Kitikmeot, Mr. Ng.

Member's Statement On Proposed Changes To Water And Sewage Services Subsidy Policy

MR. NG:

Thank you. I would like to thank the honourable Member for the garbage can.

---Laughter

Madam Speaker, I will be speaking today on the policy change for the water and sewage services subsidy program. The honourable Minister of Municipal and Community Affairs advised this House in a statement last Wednesday that the changes to the policy are a result of an issue raised by the NWT Association of Municipalities, the town of Hay River, the village of Fort Simpson and by our honourable colleague, the Member for Nahendeh, Mr. Antoine. Specifically, the issue is the lack of water and sewage services subsidy coverage for residents in most tax-based municipalities.

The Minister has also advised this House that on February 19, 1993, the Minister of Finance in his budget address announced a plan to adjust the rates for subsidization of commercial users and hamlets.

He further advised that his predecessor, the Honourable John Todd, on November 24, 1993 again advised the House that amendments had been approved, subject to a final review by FMB, which would extend coverage to all towns and villages.

The Minister has also stated that ongoing consultation by his department has taken place with municipal councils and their administration on the policy. His statement of last Wednesday suggests that municipalities and Members of this House should have expected the amendments to the water and sewage services subsidy policy as a result of these ongoing consultations and previous statements made in this House, one of them which I mentioned was made over a year ago.

Madam Speaker, I wish to point out that I and other Members of this House consider there has been insignificant, if any, consultation with our municipalities, with businesses, with the Association of Municipalities or with Members on the proposed changes to the water and sewage services policy, which will

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directly affect all our residents, including private home owners and other, non-commercial water users.

In fact, many of us believe the issue would not have been raised during this session by the Minister if it was not for the fact that ordinary Members raised questions on the policy changes. Madam Speaker, I and other Members will be pursuing this issue today to attempt to receive clarification on the many outstanding issues relating to the proposed amendments to the water and sewage policy. If the government has undertaken a proper consultative process, then they should be aware of the issues and concerns respecting the proposed amendments to the water and sewage services subsidy policy and should be able to respond accordingly. Mahsi cho.

---Applause

MADAM SPEAKER:

Thank you. Item 3, Member's statements. The honourable Member for Yellowknife South, Mr. Whitford.

Member's Statement On Visit Of High Commissioner Of India To Yellowknife

MR. WHITFORD:

Thank you, Madam Speaker. Madam Speaker, yesterday evening, my two colleagues from Yellowknife, Mr. Lewis, Mr. Dent, and I, were guests of a family in town to welcome to the Northwest Territories the High Commissioner of India in Canada, Mr. Prem K. Budhwar. We had an opportunity there to meet with some members of the Indian community of Yellowknife and to meet the High Commissioner and his wife and to welcome them to the north. A few moments ago, I also had the pleasure of touring the High Commissioner and his wife around our Legislative Assembly. I showed them as much of the building as I could.

I also had an opportunity yesterday to describe to them the uniqueness of the form of government that we have, our consensus government, and the make up of the Members and the communities that they represent. It is interesting to note -- and I'll get to the good food in a minute -- that the size of the Northwest Territories was quite impressive to the High Commissioner. I think it is roughly the same size as India and, yet, they have hundreds of millions of people whereas we have 57,000, in the summer anyway.

We also had an opportunity to sample some Indian food, curries and other very delicious dishes, as my two colleagues will attest to. It was an excellent evening and I certainly wanted to extend a welcome to the High Commissioner to the Northwest Territories. He'll be visiting other parts of our city today. Unfortunately, his tour will not be able to take him into the High Arctic at this time, but on behalf of my colleagues, I extended to him a warm welcome and an invitation to come back and see the rest of the territories when time allows. Thank you, Madam Speaker.

---Applause

MADAM SPEAKER:

Thank you. Item 3, Members' statements. The honourable Member for North Slave, Mr. Zoe.

Member's Statement On Changes To Water And Sewage Subsidy Policy

MR. ZOE:

Thank you, Madam Speaker. Madam Speaker, I, too, want to raise the issue of the water and sewer services subsidy policy that my colleague for Kitikmeot has raised this afternoon.

Madam Speaker, the Minister of Municipal and Community Affairs announced, last week, changes to the water and sewer subsidy policy. These changes, Madam Speaker, decrease the subsidy, in effect increasing the cost to users.

Madam Speaker, the issue of these increases was discussed by the Association of Municipalities last week, when their executive met here in Yellowknife. This topic was discussed and a number of concerns were raised. It's my understanding, Madam Speaker, the Association of Municipalities is currently canvassing all their member municipalities with regard to these policy changes to see what effect it will have on them. Some of the concerns that were raised, Madam Speaker, was the lack of consultation with affected communities and municipalities on the specific changes being proposed prior to the announcement of these amendments. Madam Speaker, general discussion of the policy is not sufficient consultation when these types of changes are being proposed. It's important to review the actual changes, and ensure all issues and concerns have been identified.

Madam Speaker, due to the timing of the proposed changes there is also concern about the impact of the new rates on municipalities, which are currently in a deficit position in their water and sewage program. I understand, Madam Speaker, there may be as many as ten municipalities in this position.

Another concern that was raised, Madam Speaker, is the budget of the municipal corporation that we have across the territories. They've already set their 1994-95 budget for this coming year. Madam Speaker, in addition to that is the concern raised with regard to the overall effect it's going to have on the users in their communities.

Madam Speaker, I'm not pleased with the lack of consideration given to municipalities by the Minister.

MADAM SPEAKER:

Excuse me, Mr. Zoe. Your time has lapsed for Members' statements.

MR. ZOE:

Madam Speaker, I seek unanimous consent to conclude.

MADAM SPEAKER:

The honourable Member is seeking unanimous consent to continue. Are there any nays? There are no nays. Continue.

MR. ZOE:

Thank you, Madam Speaker. I'm not pleased with the lack of consideration given to municipalities by the Minister in developing and implementing these water and sewer subsidy changes. As my colleague has indicated, we will be following up on this issue during question period. Thank you.

MADAM SPEAKER:

Thank you. Item 3, Members' statements. The honourable Member for Inuvik, Mr. Koe.

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Member's Statement On Proposed Changes To Water And Sewage Services Subsidy Policy

MR. KOE:

Mahsi, Madam Speaker. Madam Speaker, I, too, rise today to express my concerns about the proposed water and sewer services subsidy policy. We were made aware of this proposed policy last week when the Minister of Municipal and Community Affairs gave the Ordinary Members' Caucus a briefing on this issue.

Once we received the information, I immediately sent copies to the town of Inuvik's officials and asked for their opinion. Madam Speaker, to my surprise I found out that only on March 23, 1994 a joint letter from the deputy minister of MACA was sent to the mayor of Inuvik, the president of the Northwest Territories Power Corporation and the chairman of the Inuvik Utilities Planning Committee. This letter included a copy of the amended water and sewage services subsidy policy. Madam Speaker, that was only about 13 days ago. Is this proper and timely consultation?

In Inuvik there's an active committee called the Inuvik Utilidor Planning Committee, and their task is to review and plan for the ongoing usage of the utilidor system in the town. As most of you are aware, almost all of the water and sewage services in Inuvik are piped through the utilidor system. Since they just received this correspondence, they have not had sufficient time to review the impact of these amendments.

Madam Speaker, a quick analysis was done on the new policy, and the water and sewage rates in Inuvik will increase dramatically. For example, we believe that rates to residential users will increase from \$55 a month to \$123.75 a month. This is an increase of over 125 per cent. We also have reason to believe, based on MACA's assumptions, that the costs to commercial users will more than double in three years. In fact, it could even triple.

Madam Speaker, I and my constituents find this totally unacceptable and would like the Minister and Cabinet to review these amendments before implementing a new policy. Mahsi.

---Applause

MADAM SPEAKER:

Thank you. Item 3, Members' statements. The honourable Member for Iqaluit, Mr. Patterson.

Member's Statement On Proposed Changes To Water And Sewage Subsidy Policy

MR. PATTERSON:

Madam Speaker, I, too, rise to express concerns about the new proposed water and sewage subsidy policy. Madam Speaker, this is a budget session and it's in its last few days. This is a time for the government to reveal its intentions as far as taxes and its proposed main estimates for the coming year. We received fairly good news in the Finance Minister's budget speech, that apart from certain classes of corporate taxes there would be no new taxes. However, in the dying days of the session, after the Municipal and Community Affairs budget had been presented with not, as I recall, a word about this major new policy change being proposed, we received major changes in water and sewer subsidy policies.

Madam Speaker, this is, as I see it, a tax on private home owners and a tax on small business, which is going to hit people in our smallest communities very hard. I do not know why it was dropped on us in the last few days of the session, seeming as an afterthought. I think the timing is rotten, Madam Speaker. The consultation process was poor, and before I will agree to see this subsidy imposed there is going to have to be a lot more careful examination of this policy, its implications, its financial implications, its economic implications, and I think a lot more time is going to have to be taken to make sure these radical changes are done properly and in a manner

that is sensitive to our fragile, developing economy. Thank you, Madam Speaker.

---Applause

MADAM SPEAKER:

Thank you. Item 3, Members' statement. The honourable Member for Yellowknife Centre, Mr. Lewis.

Member's Statement On Assorted Preparation Of Northern Food

MR. LEWIS:

Thanks, Madam Speaker. Following up on Mr. Whitford's comments just a few moments ago, Madam Speaker. About three years ago, one of our local engineers who works for Ferguson Simek Clark organized, in Yellowknife, a wedding for his sister. He brought her over from India. The groom came from New York. And he organized the wedding in Yellowknife. That was my first introduction to the way in which northern food can be prepared in a way that was very exotic as one of the great gourmet meals I've had in the city. They used muskox and caribou, simply because in their own customs, their own traditions, people ate goat meat, eggs, sheep and so on. They weren't brought up to eat T-bone steaks, good Alberta beef. So people have learned how to do various things with various kinds of meats. Yesterday, in fact, we had a similar kind of experience when Mr. Rambir Manj, as the chef, prepared a huge meal which included not only muskox, but also various kinds of fish which was prepared with a batter made out of chick-pea flour, of all things. It was an incredible meal and it shows you how northern food can be something which can be of great appeal, not only to local people, but to people from all over the world. Thank you.

---Applause

MADAM SPEAKER:

Thank you. Item 3, Members' statements. Item 4, returns to oral questions. Item 5, oral questions. The honourable Member for North Slave, Mr. Zoe.

ITEM 5: ORAL QUESTIONS

Question 448-12(5): Consultation Process For Changes To Water And Sewer Subsidy Policy

MR. ZOE:

Thank you, Madam Speaker. My question will be directed to the Minister of Municipal and Community Affairs. Last week the Minister announced substantial changes to the water and sewer subsidy policy. This has an impact on municipalities and the hamlets across the territories. Can the Minister outline the consultation undertaken by his department with municipalities and the Association of Municipalities in preparing these changes?

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MADAM SPEAKER:

Thank you. Mr. Zoe, in accordance with our rules, items are listed on the order paper. The Minister's statement indicating the consultation process used was also placed on the order paper for committee of the whole along with the water and sewer service subsidy policy. Both of these items are on the order paper in committee of the whole. Our rules do not allow us to pose questions to Ministers or the government, particularly when the items are on the order paper for discussion in committee of the whole. With that, I would like to ask if you would attempt to rephrase your question or your question would have to be ruled out of order. The honourable Member for North Slave, Mr. Zoe.

MR. ZOE:

I want to disagree with you, but I will pass.

---Ruled Out of Order

MADAM SPEAKER:

Item 5, oral questions. The honourable Member for Iqaluit, Mr. Patterson.

Question 449-12(5): Reason For Delay In Announcing Changes To Water And Sewage Services Subsidy Policy

MR. PATTERSON:

Madam Speaker, I am going to try it again. My question is not an issue that is discussed in the papers before the committee of the whole. My question to the Minister of Municipal and Community Affairs is as follows. Madam Speaker, many Members of this House have past experience working with hamlets and municipalities. They well know the budget cycle, preparing budgets for the coming fiscal year in late fall, January and February. The Minister is also aware that budgets are set long before the end

of March. Why did the Minister wait until the final week of March to announce the changes to the water and sewer subsidy after municipal budgets were well developed and in place? Thank you.

MADAM SPEAKER:

Thank you. Minister of Municipal and Community Affairs, Mr. Arngna'naaq.

Return To Question 449-12(5): Reason For Delay In Announcing Changes To Water And Sewage Services Subsidy Policy

HON. SILAS ARNGNA'NAAQ:

Thank you, Madam Speaker. The announcement that I, as Minister of Municipal and Community Affairs, made, was made after the decision had been made by Cabinet to amend the policy, which was early on in the month of March. According to the policy, the requirement is that 90 days be given to the municipalities before rate changes are made. I made the announcement after the decision had been made by Cabinet to amend the policy. Thank you, Madam Speaker.

MADAM SPEAKER:

Thank you. Supplementary, Mr. Patterson.

Supplementary To Question 449-12(5): Reason For Delay In Announcing Changes To Water And Sewage Services Subsidy Policy

MR. PATTERSON:

Thank you, Madam Speaker. I understand the announcement was made after the Cabinet decision, but did the Cabinet decision and did his advice not take into account the fact that municipal budgets are now set and fixed? The new fiscal year has started and it would be very disruptive, difficult, inconvenient and time consuming for municipalities to have to re-configure their entire budgets to implement a policy in that same fiscal year. Was that factor not considered in the timing of the implementation of the policy? Thank you.

MADAM SPEAKER:

Thank you. Minister of Municipal and Community Affairs, Mr. Arngna'naaq.

Further Return To Question 449-12(5): Reason For Delay In Announcing Changes To Water And Sewage Services Subsidy Policy

HON. SILAS ARNGNA'NAAQ:

Thank you, Madam Speaker. I understand the Member's question; however, the amendments to the policy would not necessarily affect the budgets of the municipalities unless they are unable to collect from water and sewage users in their community. Thank you, Madam Speaker.

MADAM SPEAKER:

Thank you. Supplementary, Mr. Patterson.

MR. PATTERSON:

Madam Speaker, the Minister seems to be implying that there is some doubt about whether municipalities could collect from water and sewage users. If there is doubt about that fact, wouldn't the reasonable thing be to announce the proposed changes, provide information to the municipalities and give a much longer lead time for the implementation of that policy so all these questions can be answered and dealt with well in advance of the target date for implementation of the policy? Thank you.

MADAM SPEAKER:

Mr. Patterson, if I heard your question correctly you said, "If there is doubt..." and then proceeded with your question. That appears to be hypothetical. I would like to ask you to rephrase your question to seek the answer you are looking for. The honourable Member for Iqaluit, Mr. Patterson.

Supplementary To Question 449-12(5): Reason For Delay In Announcing Changes To Water And Sewage Services Subsidy Policy

MR. PATTERSON:

Thank you, Madam Speaker. Since the Minister, in his answer to my previous question, has expressed some doubt about whether municipalities will be able to collect from users of water and sewage services, wouldn't it be wiser to take more time to assure that the collection procedures are going to be adequate and to have a longer lead time than announcing the policy at the beginning of the new fiscal year? Thank you.

MADAM SPEAKER:

Thank you. Minister of Municipal and Community Affairs, Mr. Arngna'naaq.

Further Return To Question 449-12(5): Reason For Delay In Announcing Changes To Water And Sewage Services Subsidy Policy

HON. SILAS ARNGNA'NAAQ:

Thank you, Madam Speaker. I would like to say we probably did not give proper consultation, as the Members would like to have seen, but I stated in my Minister's statement that municipalities are well

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aware of the policy. The inferences in the policy are that the base rate used went up about three or four years ago. The Government of the Northwest Territories has not, up until now, reduced the subsidies to municipalities, nor amended the rates for municipalities in that period of time. Over the past three or four years, the municipalities have enjoyed this policy as it now stands. I think that municipalities were aware of the possibility of an amendment to the policy. Thank you, Madam Speaker.

MADAM SPEAKER:

Thank you. Final supplementary, Mr. Patterson.

Supplementary To Question 449-12(5): Reason For Delay In Announcing Changes To Water And Sewage Services Subsidy Policy

MR. PATTERSON:

Thank you, Madam Speaker. Madam Speaker, I believe some of the Members of this House are getting instructions from their municipalities that they might have been aware of policy changes, but they certainly weren't prepared for the swiftness with which these changes were announced. I would like to ask the Minister, since he submitted today in the Assembly that the decision was made in early March, why he waited until the last week of March to inform Members of this House and the public? Thank you.

MADAM SPEAKER:

Thank you. Minister of Municipal and Community Affairs, Mr. Arngna'naaq.

Further Return To Question 449-12(5): Reason For Delay In Announcing Changes To Water And Sewage Services Subsidy Policy

HON. SILAS ARNGNA'NAAQ:

Thank you, Madam Speaker. I should first of all indicate that this decision that was made by Cabinet was a difficult decision. But, I think it is a policy that has not been amended over a number of years. To answer the question the Member has asked, the announcement was not made about the policy amendment due to printing. Thank you.

MADAM SPEAKER:

Thank you. Item 5, oral questions. The honourable Member for Yellowknife Frame Lake, Mr. Dent.

Question 450-12(5): Department Of Health Review

MR. DENT:

Thank you, Madam Speaker. Madam Speaker, my question is for the Minister of Health. Madam Speaker, on March 31, the Minister said in committee of the whole, in replying to a question that I asked him, that he would receive a review of the Department of Health later that day. I was just wondering if the Minister could advise if he was referring to the functional review of the Department of Health.

MADAM SPEAKER:

Thank you. Minister of Health, Mr. Pollard.

Return To Question 450-12(5): Department Of Health Review

HON. JOHN POLLARD:

Thank you, Madam Speaker. Madam Speaker, that is the document to which I was referring. Thank you.

MADAM SPEAKER:

Thank you. Supplementary, Mr. Dent.

Supplementary To Question 450-12(5): Department Of Health Review

MR. DENT:

Thank you, Madam Speaker. Supplementary to the same Minister. Could the Minister advise if he did, in fact, receive the report on March 31, as he said he had expected?

MADAM SPEAKER:

Minister of Health, Mr. Pollard.

Further Return To Question 450-12(5): Department Of Health Review

HON. JOHN POLLARD:

Madam Speaker, I did. I have a copy of the document right here. Thank you.

MADAM SPEAKER:

Thank you. Supplementary, Mr. Dent.

Supplementary To Question 450-12(5): Department Of Health Review

MR. DENT:

Supplementary, again to the same Minister, Madam Speaker. The Minister indicates he has a copy with him, so I suspect that means he has reviewed it. Could the Minister advise if the report recommends significant changes to the department structure?

MADAM SPEAKER:

Thank you. Minister of Health, Mr. Pollard.

Further Return To Question 450-12(5): Department Of Health Review

HON. JOHN POLLARD:

Madam Speaker, it does recommend changes to the department structure, yes.

MADAM SPEAKER:

Thank you. Final supplementary, Mr. Dent.

Supplementary To Question 450-12(5): Department Of Health Review

MR. DENT:

Thank you, Madam Speaker. Supplementary to the same Minister. Will the Minister be tabling this report in the House today?

MADAM SPEAKER:

Thank you. Minister of Health, Mr. Pollard.

Further Return To Question 450-12(5): Department Of Health Review

HON. JOHN POLLARD:

No, Madam Speaker, I will not.

MADAM SPEAKER:

Thank you. Item 5, oral questions. Item 6, written questions. Item 7, returns to written questions. Mr. Clerk.

ITEM 7: RETURNS TO WRITTEN QUESTIONS

Return To Written Question 20-12(5): Provisions Of The Mechanics Lien Act As It Pertains To Leased Land

CLERK OF THE HOUSE (Mr. Hamilton):

Madam Speaker, Return to Written Question 20-12(5), asked by Mr. Patterson to the Minister of Economic Development and Tourism

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concerning the provisions of the Mechanics Lien Act as it pertains to leased land.

The Business Credit Corporation will comply with the provisions and remedies contained in the Mechanics Lien Act as determined by the Court of Law.

MADAM SPEAKER:

Thank you. The honourable Member for Yellowknife Frame Lake, Mr. Dent.

MR. DENT:

Thank you, Madam Speaker. I seek unanimous consent to return to written questions.

MADAM SPEAKER:

Thank you. The honourable Member is seeking unanimous consent to return to written questions. Are there any nays? There are no nays. Please proceed, Mr. Dent.

REVERT BACK TO ITEM 6: WRITTEN QUESTIONS

Written Question 24-12(5): HIV/AIDS Related Expenditures For Fiscal Years 1993-94 And 1994-95

MR. DENT:

Thank you, Madam Speaker. Madam Speaker, during committee of the whole's consideration of the Department of Health's budget, the Minister made it sound like there had been a drop of about \$150,000 from the fiscal year 1993-94 to 1994-95 in the budget for HIV/AIDS related programs. The Minister verbally

provided details about how some of the funds were spent in 1993-94, but I would like to see more detail. Therefore, I have two questions for the Minister.

Would the Minister responsible for the Department of Health please provide this House with a detailed outline of HIV/AIDS related expenditures made in fiscal year 1993-94; and,

Would the Minister provide a detailed outline of HIV/AIDS related expenditures planned for the fiscal year 1994-95. Thank you, Madam Speaker.

MADAM SPEAKER:

Thank you. Item 6, written questions. Item 7, returns to written questions. Item 8, replies to opening address. Item 9, petitions. Item 10, reports of standing and special committees. Item 11, reports of committees on the review of bills. Item 12, tabling of documents. Item 13, notices of motion. Item 14, notices of motions for first reading of bills. Item 15, motions. Item 16, first reading of bills. Item 17, second reading of bills. Item 18, consideration in committee of the whole of bills and other matters: Bill 19, An Act to Amend the Tobacco Tax Act; Minister's Statement 5-12(5), Session Business; Minister's Statement 62-12(5), Water and Sewage Services Subsidy Policy; Tabled Document 1-12(5), Towards an NWT Mineral Strategy; Tabled Document 2-12(5), Building and Learning Strategy; and, Tabled Document 65-12(5), Water and Sewage Services Subsidy Policy Amendments. By the authority vested in me, I will place you in committee of the whole until you are ready to report progress, with Mr. Whitford in the chair. Thank you.

ITEM 18: CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS AND OTHER MATTERS

CHAIRMAN (Mr. Whitford):

The committee will now come to order. What is the wish of the committee? The chair recognizes Mr. Dent.

MR. DENT:

Thank you, Mr. Chairman. I would like to recommend that the committee first of all consider Minister's Statement 62-12(5), along with Tabled Document 65-12(5), and if those two documents are concluded, that we move on to Bill 19.

CHAIRMAN (Mr. Whitford):

Does the committee agree?

SOME HON. MEMBERS:

Agreed.

---Agreed

Minister's Statement 62-12(5): Water And Sewage Services Subsidy Policy

Tabled Document 65-12(5): Water And Sewage Services Subsidy Policy Amendments

CHAIRMAN (Mr. Whitford):

The committee agrees. Minister's Statement 62-12(5), Water and Sewage Services Subsidy Policy and Tabled Document 65-12(5). These will be dealt with together. Mr. Zoe.

MR. ZOE:

Mr. Chairman, before I ask a number of questions, I wonder if the Minister is going to make any comments pertaining to his water and sewage service subsidy policy Minister's statement that was tabled. I also wonder if he's going to bring in any witnesses to accompany him.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. Minister Arngna'naaq, are you prepared to deal with this matter? Are you prepared to bring in witnesses to assist you with this matter?

HON. SILAS ARNGNA'NAAQ:

Mr. Chairman, thank you. Yes, I would like to make some opening remarks. I would also like some time to ask some staff to come in with me for any detailed questions that may arise.

CHAIRMAN (Mr. Whitford):

Thank you, Minister Arngna'naaq. Are your witnesses here, or do you just need the time to briefly meet with them after you finish making your opening remarks? Is that correct?

HON. SILAS ARNGNA'NAAQ:

That's correct, Mr. Chairman. I have opening remarks I would like to make, but the officials who I'm expecting to come in are not here yet.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Arngna'naaq. We'll entertain the Minister's opening remarks first, then if the witnesses are not here we'll take a short break and allow the witnesses to brief the Minister properly, then be escorted to the

witness table. Minister Arngna'naaq, you may commence with your opening remarks.

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Introductory Remarks

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I would like to thank the Members of the House for this opportunity to appear before the committee of the whole, and to have a full discussion of the water and sewage service policy amendments and subsidy reductions that I announced in my statement to the House on March 30, 1994.

Historically, the water and sewage service subsidies provided by the government have not been consistent across all the communities. As a result, the changes to the subsidy provisions in the water and sewage services subsidy policy appear rather complex.

Mr. Chairman, I will not repeat the text of my previous statement to the House, however I would like to elaborate on some of the background and context surrounding the changes that were announced.

The water and sewage subsidy program is targeted at three groups of users; residential, non-profit and commercial users. There is no subsidy for government or industrial users.

The policy has been designed around four principles. Firstly, that NWT residents should be entitled to basic water and sewage services to safeguard their health. Secondly, that these services should be provided to residents on an equitable and affordable basis. Thirdly, that municipal governments should exercise authority and responsibility for delivery of water and sewage services. Lastly, that these services should be provided as efficiently as possible.

Mr. Chairman, I must stress, however, that the ability of the government to fulfil these principles is limited by the financial resources that are available.

The most difficult element of this policy to deal with is the determination of what is affordable to consumers and what is not. In the absence of a better standard

to rely on, this policy refers to the rate charged to residential customers in the city of Yellowknife for piped water and sewage service to be the guide in the determination of what is an affordable rate to all NWT residential consumers. This approach is consistent with other similar utility subsidy programs of this government.

When the water and sewage services subsidy policy was first introduced in April of 1987, the base rate -- the rate based on cost of service in Yellowknife -- was approximately .20 of a cent per litre. This rate was subsequently revised upward to .22 of a cent per litre in April of 1990. Today, Mr. Chairman, the rate has reached approximately .33 of a cent per litre. Accordingly, the recent announcement of the adjustment in the subsidized rate was necessary to keep up with the increase in the rate.

In addition to the change in the base rate there has been a need to modify the policy to make it more consistent throughout all communities.

When the water and sewage services subsidy policy was first introduced, it only applied to the hamlets, charter communities and settlements. The remaining tax-based municipalities continue to receive only the benefit of a trucked water delivery subsidy.

Local circumstances in each of the tax-based municipalities were such that over time the trucked water delivery subsidy provisions had to be applied differently from one community to the next. Ad hoc arrangements prevailed. What was consistent was that trucked sewage pump out and piped water and sewage service received no subsidy at all in the tax-based municipalities.

In some instances, the lack of subsidy for these services meant that some residents were unable to have their sewage pump out tanks regularly emptied. This contributed to local sanitation problems. In other instances, high user rates were imposed upon government and industrial users in order for the municipality to indirectly subsidize the provision of services to local residents and businesses.

Over the period of 1989 to 1991, the water and sewage services subsidy policy was extended to include the towns of Norman Wells and Iqaluit as part of the turnover of the local water/sewer infrastructure to the municipalities. There was one exception in that only 50 per cent of the commercial consumption would be subsidized, whereas in hamlets, charter communities and settlements, commercial users were

subsidized at a rate of .44 of a cent per litre for 100 per cent of consumption.

Mr. Chairman, the amendments to the policy which I announced on March 30, 1994, will now finally extend the subsidy provisions to those remaining municipalities with the exception of the city of Yellowknife which is funded through a separate block funding agreement.

As my colleague, the Honourable John Pollard, indicated in the House one year ago, the subsidized rate to commercial users in hamlets, charter communities and settlements was to be reduced to 50 per cent of consumption from the present level of 100 per cent. This would make the subsidy arrangements for commercial users in hamlets, charter communities and settlements consistent with the subsidy rules applied in the towns of Norman Wells and Iqaluit. It would also make a contribution to the government's effort to address the overall operating deficit that has been projected.

There has been recognition however, that the pursuit of consistency in the design of this subsidy policy may be at odds with the principle of affordability. As a result, the reduction of the commercial subsidy in hamlets, charter communities and settlements is being implemented very carefully. The subsidy is being reduced only to 90 per cent of consumption at this time, not to the 50 per cent level originally indicated.

Mr. Chairman, this will allow the government time to monitor and assess the impact of this 10 per cent subsidy reduction to commercial users before any further reduction is considered. The 10 per cent subsidy reduction also strengthens the local accountability of councils and their administrations for the efficient provision of water and sewage services.

Should the local economic rate for water and sewage service increase, it will now have a direct impact on the non-subsidized 10 per cent of service to commercial users. If commercial users believe that the service is not provided as efficiently as

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possible, they are likely to raise their concerns with the local municipal government.

Mr. Chairman, this kind of feedback is essential for local councils to be truly responsible and accountable

to their residents for the efficient delivery of municipal services.

At this time, Mr. Chairman, I would like to thank Members for their patience in allowing me the time to elaborate more fully on this matter. I and my officials are prepared to respond to any detailed questions Members may have. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Minister Arnagna'naaq. The chair recognizes the Member for Kitikmeot, Mr. Ng.

MR. NG:

Thank you, Mr. Chairman. Before we get into the short break, can I ask that the Minister provide copies of his opening comments to us?

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ng. Copies will be circulated during the break. I think they are being produced, if they're not, I will assure you they will be available. I have a copy. The Clerk will take care of that, momentarily. At this point, we will take a short break and return at the call of the chair.

---SHORT RECESS

CHAIRMAN (Mr. Whitford):

We've had time to peruse the opening comments over the break. At this time, it would probably be prudent to have the Minister's witnesses, if he agrees and the committee agrees, escorted to the witness table to assist the Minister in any of the questions that may be sent his way. Mr. Minister, are you prepared to bring your witnesses in?

HON. SILAS ARNGNA'NAAQ:

Yes, Mr. Chairman. I would like to bring in some departmental staff.

CHAIRMAN (Mr. Whitford):

Thank you. Does the committee agree?

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Sergeant-at-Arms, will you assist the Minister in bringing the witnesses to the witness table? Thank you, Mr. Minister. Would you be so kind as to introduce your witnesses to the committee?

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. To my right is Mr. Al Menard, deputy minister of Municipal and Community Affairs and to my left is Mr. Vern Christensen, assistant deputy minister of the department.

CHAIRMAN (Mr. Whitford):

Welcome, gentlemen. On your desk, you should have both tabled documents and the opening remarks of the Minister on the matter at hand, which is the water and sewage services subsidy policy and the amendments to that. General comments. Mr. Zoe.

General Comments

MR. ZOE:

Thank you, Mr. Chairman. Mr. Chairman, regarding the Minister's statement that was tabled and that we're discussing right now, I agree with the comments from the Minister and the changes he wants to make. But, the concern I have is the timing of these changes. I recall, Mr. Chairman, that, as the Minister indicated in his statement, this issue was raised by the Association of Municipalities a couple of years ago and it has been an ongoing thing. I recall the issue of tax-based municipalities wanting to get into this policy because the current policy extended only to non-tax-based municipalities. Particularly, the municipality of Fort Simpson really wanted to get into this policy because of the financial difficulties they were having. As the Minister indicated in his statement, I know other municipalities, including Iqaluit and Inuvik, are included in this policy, also.

The changes that are being proposed are a good thing, but the manner in which they are implementing these changes is what I am having concerns with. Mr. Chairman, I have no objections to the changes being proposed by the department. I know they are trying to make this policy equally distributed across the territories, to include tax-based and non-tax-based municipalities, but the timing is definitely wrong.

Another concern I have is with the lack of consultation, although the Minister indicates in his statement that the issue was raised by the Association of Municipalities and a number of municipalities, themselves, about wanting these

changes. I agree that they were consulted because they were the ones who initiated this move. But, ongoing consultation didn't occur. If ongoing consultation would have occurred after the decision was made by Cabinet, then I don't think we would have run into this problem. Unfortunately, the consultation hasn't occurred.

I know the Minister indicates that June 1 is the date for implementing the changes to the policy, but I don't think three months is enough time. If the Association of Municipalities would have been consulted on an ongoing basis, I don't think we would have run into this problem. They would have advised their membership accordingly and the municipalities would have been more prepared to accept these changes. This requires changing their by-laws and so forth. The calculations of all the new rates would have to be communicated to the users. The municipalities would have to undertake all this work.

I strongly disagree with the time period being contemplated by the Minister because I think the municipalities require more time to consult with their hamlet council members and with the users at the community level. Each municipality is different and they consult differently. I just wanted to say that I like the changes I see in front of me. They are not drastic changes like I thought they were, Mr. Chairman. Instead of getting a 100 per cent subsidy from the government, it has been changed. They were originally only thinking of 50 per cent, but they changed their mind to a 90 per cent subsidy. I would live with that, but I think that consultation should have occurred as soon as the decision was made by the Cabinet. Unfortunately, the department hasn't communicated this back to the municipalities or even to the Association of Municipalities.

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Those are the concerns I have, Mr. Chairman. I just wanted to ask the Minister if he could outline the consultation undertaken by his department with the municipalities. From what I understand from the municipalities in my riding and by talking to the executive members of the Association of Municipalities, there has not been ongoing consultation pertaining to the water and sewage services subsidy policy. Mahsi.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. First of all, I would like to apologize once again to the Members for the manner in which the Members found out about the amendments to this policy. However, I believe it is an amendment to a policy which was not equitable to the communities across the territories. The amendments that are being made to this policy make it equitable for all communities.

I think a decision like this, to pick the pockets of the residents of the Northwest Territories, is a very difficult decision that was made. Whenever a government such as ours has to make amendments of this type and decisions like this, it is very difficult. The timing of such an amendment is difficult in that there is really no right time. There was to be an announcement made by myself in the form of a Minister's statement. However, the statement didn't come through early enough to be made here in the House. I apologize for that. That statement was not made earlier in the House, but it still is an amendment that had to be made to make all communities equal in the subsidization for this program.

As for the consultation, it is something that has been mentioned in the annual general meetings of the Association of Municipalities. I think that the department is trying every way to make it smoother for communities to be able to accept this amendment to the policy. The departmental officials in the regions are working with each individual community to try to ease this policy. For the consultation part of it, with the policy having been introduced in 1987, it started out to be a policy which was using Yellowknife as a base rate. However, they didn't go far enough with the policy to make it equitable amongst all communities in the territories. I understand that communities are aware of this policy and the manner in which it is run.

I have also indicated that the water and sewage rates in the city of Yellowknife, which are used as a base, have increased since the policy was introduced in 1987. I also understand that the policy was amended in 1990, which affected some municipalities. So it has been four years, Mr. Chairman, since this policy has been amended. The amendments being made at this time are making it equal for all municipalities in the Northwest Territories. I think it is a roundabout way of saying there has been consultation, but for any more details on the consultation, I would have to ask Mr. Menard to elaborate. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. The honourable Member for North Slave, Mr. Zoe.

MR. ZOE:

Thank you. Mr. Chairman, in my view, there hasn't been ongoing consultation pertaining to this particular policy. It is my understanding that the whole issue surrounding this policy was raised, as you indicated, at the annual general meeting of the Association of Municipalities. They agreed that there should be some changes to incorporate tax-based municipalities in this policy to help out municipalities such as Fort Simpson, et cetera. I know it was communicated in recommendation form to MACA. I know MACA has been working on these changes for the last few years. I am saying there was no ongoing consultation, particularly with the Association of Municipalities, as to the status of where this policy was at. If there had been proper consultation, then we wouldn't be here discussing your Minister's statement regarding this policy. That is where the policy comes in.

It is my understanding if there was ongoing consultation, we wouldn't have this problem. Unfortunately, that wasn't the case. It is my understanding that even the draft recommended policy that went to Cabinet was never discussed with the Association of Municipalities to get their views. Nobody said here is what we are planning to recommend to Cabinet, can we get your views on this before it goes to Cabinet. Then the association would have done their homework and I am sure they would have agreed with it because they initiated this move to make changes in this policy. So I would assume the association would have agreed with the department. Unfortunately, that didn't happen.

That is where I see the problem. It was a breakdown in communication. Even after the decision was made, the policy changes were not communicated to the Association of Municipalities. I brought it to their attention a week ago. I said, are you guys aware of these changes? They weren't aware of them. I was fortunate enough that they just happened to have their executive meeting in Yellowknife last week. I asked them to discuss these changes and they raised many concerns about them, as I indicated in my Member's statement. They said there was no ongoing consultation, although they began this whole initiative.

Secondly, they said, why are they doing this to us after we set our budget and went through that whole process? Of all departments, MACA knows the process that municipalities have to go through. There are some questions now with the municipalities that are in a deficit situation. I recall about ten municipalities that are in a deficit position in their water and sewer program. They have a recovery plan. If we go ahead with these changes, we are no longer giving them a 100 per cent subsidy, we will only be giving them a 90 per cent subsidy. That is going to affect their recovery plan. That is another additional concern they have raised.

I am just saying, Mr. Chairman, that overall I agree with these changes. I am sure the Association of Municipalities and their membership would agree with these changes the Minister is bringing forward. But it is the lack of consultation by the department that is the problem. Now they are saying we want to implement this by June 1. I am trying to suggest, by raising these concerns, that June 1 is not the right date. I would suggest strongly to move the implementation date to August 1 or September 1, so municipalities can assess the impact on their own communities and how they are going to consult with the users in their communities. The rates in these municipalities are all going to vary, as my colleague from Inuvik pointed out, from \$55 to \$123. That's over a 50 per cent increase. I'm sure the users aren't going to be too happy in

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Inuvik. The municipalities, themselves, have to determine the best method to communicate to their community members. That's where the problem is. I'm strongly suggesting to the Minister, and his colleagues on the other side of the House, that they reconsider the implementation date of this policy.

Mr. Chairman, those are the concerns I have about this policy. From my understanding, this lack of consultation is what is causing the problem, it is not the meat of the policy. As the Minister said, now it is going to be equitably distributed across the territories. I'm sure everyone agrees with it, even the Association of Municipalities agrees with it. But, because we didn't have ongoing consultation, that is where the problem lies. To satisfy the municipalities, Mr. Chairman, I'm suggesting that the Minister and the Cabinet reconsider the implementation date and to move back and give them some breathing room. All the communities are going to be affected. I wonder if

the Minister can comment on the suggestion I'm making? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. At this point time, I would like to draw to your attention to His Worship Harry Aknaviaak from Cambridge Bay, who is in the gallery.

---Applause

You know of whom I speak. Welcome to the Legislative Assembly. Kelvin, you can come back down now.

---Laughter

Thank you, Mr. Zoe. Mr. Minister.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. With regard to ongoing consultation, this is something that has been discussed well before my time, so I would have to refer that to Mr. Menard or Mr. Christensen. The policy, which has been in existence since 1987, gives a 90 day time period to inform municipalities, which I understand is sufficient time for municipalities to change their by-laws to come in line with any amendments that may be made to the policy.

With regard to the municipality of Inuvik, I understand that is an anomaly and it is being dealt with, I believe, in a manner in which the residents of Inuvik should be able to handle. Over the period of time that this policy has existed, the community has enjoyed the rates they have been paying for water and sewage services. To the suggestion the Member is making, I would have to bring that to Cabinet for their consideration.

I would like to ask Mr. Menard to respond to concerns about ongoing consultation.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. Mr. Menard.

MR. MENARD:

Thank you, Mr. Chairman. Even though the executive of the Association of Municipalities indicated to the Member that there was no ongoing consultation, we have been dealing with some municipalities on a daily basis for two years now. We have been making them aware of the changes that are coming about. Some

of them have been happy to receive the news and some of them have not been so happy. It depends who they are. I think I spent more time talking to the mayor and the administrator in Fort Simpson than I have ever talked to anyone in my life. I have talked to them every day, and they are anxious to get in line with the policy.

The only thing we could not consult with them about was the rate change, itself, because we didn't know what Cabinet was going to approve. So, that was not done. As far as the association, the executive director works right in our building and I talk to her on a daily basis. She has been well-aware, not officially in writing, but on a verbal basis, of exactly where we have been with the policy.

Regarding hamlets, I've personally dealt with the mayor of Rae-Edzo, the mayor in Rankin Inlet, a lot of mayors. They've been waiting for the policy changes and are aware of them. They just don't know what the rate is. We only got official approval towards the end of March. In fact, I broke protocol by advising some municipalities of it because they were anxious to hear about it, even before the Minister had a chance to announce it. That wasn't the right thing for me to do, of course, but I did it to try to help them out so we could review the impact of the policy amendments on their municipalities.

We know we need at least 90 days before we can implement the policy, to give the users a chance to adjust to the rates, to rationalize them and to ensure they watch any hardship cases that might arise. We don't know all the impacts this will have because every tax-based municipality is different. Some hamlets are different too. We are hoping during the next few months that we will be consulting with them on a detailed basis, knowing what the rates are.

We have been consulting on an ongoing basis for the last two years, not in writing or anything like that, but unofficially. As we see each other -- and we see each other often -- the superintendents have been preparing the communities for changes, the same way as they advise us when they have to change their rates. We consult, sometimes, a year in advance. Some of the reasons some of them are in deficit situations is because they have to change their rates. There have been ongoing discussions about that. It sometimes seems to be easier for them to change their rates when they have to increase them than when they have to decrease them because they are collecting too much revenue and they have too large a surplus.

As far as timing, we'll have to go back to Cabinet to get permission because we are running out of time for the 90 days, as required. We probably are going to have to ask permission to push the date back because we need the time for consultation about the effects in each community.

As far as the deficits in each community, we have dealt with some of the ten communities that are in a deficit position. They know what they have to do about it and the by-laws have already been changed. The consultation did take place. I might also add that we did consult with some MLAs as well. In fact, Mr. Antoine was in touch with us a few times and we kept him advised of how things were coming along, but, again, we didn't know about the exact rates. If we delayed it too much across the board, then it might cause some hardship for some municipalities like Fort Simpson, because they want to get on it as soon as possible, and the same thing with Hay River.

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CHAIRMAN (Mr. Whitford):

Thank you, Mr. Menard. The chair continues to recognize Mr. Zoe.

MR. ZOE:

Mr. Chairman, that's the point I'm trying to make. If there was ongoing consultation, if the association was aware about the recommendation that you brought forward to the Executive, if they had known about it ahead of time, they would have had ample time to consult their membership. They could have said here are the ball park rate changes the department is looking at, but they required Cabinet approval and this is what we are going to recommend. If the department would have done that, then we wouldn't have this problem now with consultation. Right now, because there was nothing official, and all of the sudden it was approved, there is a problem. That is what I mean by ongoing consultation. If they were aware of the proposed rates that the department was recommending to Cabinet, they could have done their homework. Unfortunately, that wasn't the case. That is why we are running into this problem. Now everyone is scrambling to see what kind of effect it will have on them. The deputy minister indicated that he advised the tax-based municipalities -- two or three of them -- of the initiative of this policy, but the non-tax-based municipalities haven't been advised yet. They are anxious to see what impact it will have on them. I am saying because there was a lack of

consultation, the time frame of 90 days is not long enough. I think we require a longer period. I am suggesting to the Minister and to his Cabinet colleagues that maybe we should implement this policy in August or September 1. That much time is definitely required.

Some of the municipalities are eager to get into this policy. They have been waiting for a long time. I know MACA has been working with them on a special case basis on their water and sewer, So I don't think it will have a drastic impact on them by not implementing the policy on June 1. I am sure they can wait for another three months. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Mr. Chairman, I would ask Mr. Menard to respond to this.

CHAIRMAN (Mr. Whitford):

Thank you. Mr. Menard.

MR. MENARD:

In consultation, the Member is right. We have not yet advised the hamlets, other than the fact that they know something is coming. We are just getting the letters ready this week for the Minister to sign. We waited for discussions in the House before we did that. Out of protocol, I advised the tax-based municipalities. We have been dealing with the Association of Municipalities, at least at the bureaucratic level, on an ongoing basis. We have been dealing with Inuvik for two years with the joint committee on the turnover of the utilidor, which affected the rate and whether they should have metering or not. We know there will be different swings in Inuvik. We are anxious to sit down with them and look at these things to see if some of them are too onerous on people or not. It depends on use. The more they use, the more they will have to pay. We hope to encourage conservation and everyone will take the responsibility for paying for the services. I feel there was adequate consultation, from the department's point of view. At least as much as we could, without knowing what the final decision would be on the rates. That is my feeling. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Menard. General comments. The chair recognizes Mr. Ningark and Mr. Patterson.

MR. NINGARK:

Thank you, Mr. Chairman. Mr. Chairman, according to the information I have, there are about 13 municipalities that are experiencing accumulated deficit with water and sewage delivery. For the fiscal year ending March, 1999, if the initiative goes ahead, more burden will be placed on these communities. I understand Mr. Menard indicated just now that we have to conserve water. I think it is the understanding of each and every Member of the House, perhaps the population of the NWT, that we have more water in this land than anywhere else in the world. In fact, every year the snow falls and subsequently melts in the spring. Sometimes it is very hard not to get your feet wet when you are walking around your community or on the land that we so love, Mr. Chairman. Given what I have said, can the Minister identify communities in all parts of the NWT where the water supply is such an issue and concern that conservation is crucial? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ningark. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I think there has been much discussion in this Legislative Assembly about the transferring of various programs to communities. I think with the transfer of these programs comes accountability and responsibility, which I believe this government has been working with since its inception. The program being transferred to communities makes the municipalities more accountable for the way in which they are delivering the water and sewage program. They will begin to realize what the department has been indicating to them for a period of time, which is to say that they should be delivering a water and sewage program in an efficient manner. Part of the reason the program is considered a closed program is so that users of this program do not pay more to subsidize other programs that other municipalities may have.

With regard to the particular question the Member is asking, I would again have to defer to Mr. Menard because I don't know if there are any communities that have conservation difficulties.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Arngna'naaq. Mr. Menard.

MR. MENARD:

Thank you, Mr. Chairman. I don't think the availability of water is the issue. There is no place in the Northwest Territories that doesn't have water available to it in any amount. It is the producing and delivering of it that is costly. That is where conservation comes in. If people conserve a bit, they pay less. Right now, it is the government that is taking the burden of the cost. Other than Nahanni Butte, I think every community in the north has an ample supply of water. It is just the varying cost of delivering it and making it available to home owners. That's the area we are looking at for conservation because there is quite a bit of wastage, particularly when people don't pay very much for it. We are trying to grapple with that issue as well. That's why I

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mentioned conservation. It's the cost of delivering it that's the issue, not the availability of it.

CHAIRMAN (Mr. Whitford):

Thank you. The honourable Member for Natilikmiot, Mr. Ningark.

MR. NINGARK:

Thank you, Mr. Chairman. Mr. Chairman, one of the problems we've often talked about in this particular jurisdiction is overcrowding in social housing. One of the reasons some tenants tend to consume more water than expected by the municipality is because of overcrowding. I wonder if the honourable Minister has considered the overcrowding problem when they introduced these changes to the water and sewage services subsidy policy? Thank you.

CHAIRMAN (Mr. Whitford):

Mr. Minister.

HON. SILAS ARNGNA'NAAQ:

Mr. Chairman, I don't believe this policy will affect residents who are in social housing. It is only those who are in private residential houses that this policy would affect.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. Mr. Ningark. That's it? Then, I'll refer to Mr. Patterson, Member for Iqaluit.

MR. PATTERSON:

Thank you, Mr. Chairman. Mr. Chairman, on page five of the Minister's remarks today, he refers to the policy changes making a contribution to the government's effort to address the overall operating deficit. I would like to ask what is the projected net financial effect of this policy for the coming fiscal year? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Member for Iqaluit. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. With the way the present policy is being amended, for June 1, 1994, I believe the impact to the government will be in the neighbourhood of about \$201,000.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. Mr. Patterson.

MR. PATTERSON:

Thank you, Mr. Chairman. So, I take it that with 9 months at \$201,000, with 12 months, it would be a little bit more. Does the Minister have a breakdown of the source of these additional revenues that would accrue to the Government of the Northwest Territories, by community? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Patterson. Mr. Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I believe the \$201,000 was for a period of ten months. I will ask Mr. Christensen to respond to the detail Mr. Patterson is looking for.

CHAIRMAN (Mr. Whitford):

Thank you. Mr. Christensen.

MR. CHRISTENSEN:

Thank you, Mr. Chairman. We don't have a listing handy of the impacts of the policy on the

communities, but we do have a listing of all the various components that make up the policy.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Christensen. Mr. Patterson.

MR. PATTERSON:

So, I take it that information is not readily available to the committee?

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Patterson. Is that information available to the committee, Mr. Christensen?

MR. CHRISTENSEN:

The information could be prepared. It isn't readily available here, though.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Christensen. The chair will now recognize the Member for Kitikmeot, Mr. Ng.

MR. NG:

Thank you, Mr. Chairman. In reviewing some of the documentation that has been provided by the Minister and his department, it seems the decrease of the commercial subsidy is obviously going to affect commercial enterprises. In one statement, they cite examples of commercial users and how they will be affected. They say that the Northern Store in Aklavik will go be going from \$31 to \$39 and there are a couple of other examples of Northern Stores in the communities. Although I recognize that the Northern Stores are commercial users, they are very minimal users, I would take it, of water consumption in the communities because they are retail operations.

I would like to ask if they've looked at some of the larger operations, such as hotel operators and restaurant operators, those which are higher consumers of water services in the communities, and what effect the decrease in the commercial subsidy will have on their businesses? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ng. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. Yes, there has been an analysis done, per community, of the impact this may have on commercial users in hamlets. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. Mr. Ng.

MR. NG:

I would like to ask if that information would be available to committee Members? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ng. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Mr. Chairman, that would not be a difficulty. We have copies here that could be distributed to Members.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. We'll see if the pages will collect those and distribute them to Members. The honourable Member for Kitikmeot, Mr. Ng.

MR. NG:

Thank you, Mr. Chairman. When they implement this rate change, it will require some adjustment to the reporting requirements of the municipalities to the department. I was just

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wondering if they could update the committee Members on what exactly this will mean for the reporting relationship of the municipalities? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ng. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I don't know that. I would have to ask Mr. Christensen to respond.

CHAIRMAN (Mr. Whitford):

Thank you. Mr. Christensen.

MR. CHRISTENSEN:

Mr. Chairman, the reporting relationship would not change in the case of the hamlets and non-tax-based communities, but the relationship would change somewhat for the towns and villages. Part of the implementation of this policy would involve community service agreements, agreements set out between the department and the municipalities regarding rules on what are eligible costs to charge against the economic rate for the water and sewer service. It is against the economic rate that the subsidy is applied. The department would work with municipalities through that agreement so that both parties have a good and common understanding of what rules apply.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Christensen. Member for Kitikmeot.

MR. NG:

Thank you, Mr. Chairman. Just to clarify then, there won't be any changes required for non-tax-based municipalities software and the reporting of the municipal usage? It is something that is easy to do?

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ng. Mr. Christensen.

MR. CHRISTENSEN:

Mr. Chairman, our belief is that the software that is in place is readily usable to implement this change. However, if there are some modifications required to the local software that is used, the cost can be incorporated into the economic rate calculation for water/sewage services. This wouldn't be a cost directly bearable on the municipality.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Christensen. General comments. The chair recognizes Mr. Koe.

MR. KOE:

Mahsi, Mr. Chairman. From the town of Inuvik's perspective, there was a brief analysis that was done about this new policy. The majority of the residents are going to be greatly impacted in Inuvik. I mentioned some numbers earlier in a Member's statement where the increase on residents would go up from \$55 to \$123.73 per month. In cases of commercial users, the rates will either double or maybe triple, if some of the assumptions which are used in calculating rates are correct.

Given that, and if those assumptions are correct, I have a lot of problems with this policy and so do the people I speak on behalf of. Any increases in the cost of doing business or the cost of living in these times of restraint and poor economic situations is an impact on the pocket book of the user and is a cost that some people may not be able to afford.

The question that Dennis raises to the cost-benefit to the government is one that is quite a concern. If the number the Minister said, \$200,000, is what the cost-savings to this government is to implement this thing, I can assure you that most of that is going to come from Inuvik users just based on the numbers that I have. Again, I haven't worked it out by resident or by business, but that can be done quite quickly.

The point I am making is there are going to be impacts on residents. There will be impacts on businesses and the large users such as the hotels and the restaurants. The Minister, in the documentation we received, said that the subsidy is to be based on fairness and equity. Fairness in terms of users, that all residents are entitled to basic water and sewage services. Basic water and sewage should be provided on an equitable and affordable basis. So this whole issue of equity and affordability has to be defined. Equitable has to be defined in terms of the delivery of services across the north. From what I am hearing, my understanding is because of situations in certain communities, we are now broad brushing everyone across the north.

There is another issue of usage versus conservation. The whole issue of conservation I think we all believe in and every individual should. The north has 20 per cent of the world's supply of fresh water. So I don't think the issue of availability of water is an issue in any of the communities that I am aware of.

In Inuvik there is the Inuvik Utilidor Planning Committee that has been ongoing for several years. The deputy minister has indicated that he has had correspondence and discussions with this committee. They are looking at the utilidor system that is in Inuvik. The utilidor system is based on the water running through the system for heat for buildings, to keep the sewage pipes from freezing and also supplying water to buildings. So the majority of the residents in Inuvik have some form of piped water. They didn't always, but they do now.

The calculation for economic rate is based on the total cost of delivering the water, plus the cost of trucked water which is very minimal in Inuvik. I assume there

is some reserve there for capital growth. That is divided by the number of litres of water utilized. That gives you an economic rate per litre. In Inuvik, if no one used water, you are still going to have to maintain the system.

The other assumption being used for Inuvik is to try to get the residents of Inuvik on meters, with the assumption that once they are on meters, then there will be a higher tendency to conserve. The notes I have are they are looking at up to 50 per cent of reduction and consumption of water. If that is the case, you would be delivering 50 per cent less water, but you still have the full system to maintain. So the cost of maintaining the system is not going to change. If that is the case, your economic rate then doubles based on an assumption that there is 50 per cent less consumption. That extra 50 per cent is going to be passed onto the users. The calculation I have is that for some of the commercial users, hotels, for instance, their rates are going to increase by 118 per cent.

So the flaw in the concept is if there is decreased usage, that the costs are going to be the same. But the commercial users

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are going to pay considerably more then. Commercial users, to my understanding, are already on meters in Inuvik.

The other problem I mentioned is the cost of maintaining or running the utilidor system which is based on water. You need to keep the system moving, so there are some electricity costs and you have to bleed the pipes and machinery that is used to keep water running.

The area of conservation comes to the use of meters. It is an issue that has been discussed with the town and department. But if meters are installed, the assumption is that water will be conserved. The argument that has been used is the cost of installing meters, which may be \$400,000 plus. I am not sure what the capital costs were before, but let's use a hypothetical number of \$400,000. My understanding is the savings are about \$13,000 to \$30,000 per year. So it doesn't make economical sense to do this.

I just wanted to raise some of these concerns. I'm sure that the points that Mr. Zoe and other Members have brought up, that there has to be more consultation, that we have to be more certain, or

should be more certain, as to what are the impacts on the residential users, especially on the business users, given the economic situations in the north. Those are some general comments, Mr. Chairman, that I wanted to raise. I'm not sure if the Minister wants to respond.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Koe. The Minister has been taking notes. I'll ask Mr. Arngna'naaq...

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I know that Inuvik is a special situation. It is being dealt with in a different way from the way that this policy is being handled at this point. But for any details with regard to the way it affects Inuvik, I would, again, have to ask Mr. Christensen to respond.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Arngna'naaq. Mr. Christensen.

MR. CHRISTENSEN:

Mr. Chairman, just a comment, initially, on the example that was used regarding the increase to residential charges in Inuvik. The rate would increase from .22 of a cent per litre to .33 of a cent per litre, or a 50 per cent increase in rates. The residential example that was calculated, my assumption is that it would have used the commercial rate as opposed to the residential rate because the residential rate should only go \$82.50 per month as opposed to the \$125 per month that had been indicated.

Mr. Koe indicated the concern over the impact on consumption that will occur if the rates go up. The consumption will come down substantially and that will have an impact because the utilidor system still needs to be operated for the same amount of money. We would anticipate that is what would happen, although the amount of the change is uncertain. What is interesting, though, in the case of Inuvik is to compare the economic rates for service in Inuvik which right now is at .52 cents of a litre compared to some of the other economic rates, for example in Iqaluit the rate presently is about .95 cents of a litre and Norman Wells is about 1.3 cents per litre. So, in relative terms, the economic rate in Inuvik, even if it was to increase as a result of the reduction in consumption that would come with these policy changes, should still rank somewhere within the range of some of the other similar municipalities.

What we have proposed with Inuvik is, because of the big change in the rates for commercial users in Inuvik, and the fact that, at present, high rates are charged to government and industry users in order to indirectly subsidize and keep rates low to commercial users, in addition to the implementation of these policy changes we've proposed a phasing out of the cross-subsidy. In the process, rather than a sudden increase of the 118 per cent that was indicated within two or three months, this rate would actually be phased in over three increments over the next two fiscal years. The actual sudden impact that commercial users would experience would be minimized as a result of that. The charges that these people would receive would in the end be similar to the charges to commercial consumers in the other tax-based municipalities.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Christensen. The chair will now recognize Mr. Pudlat.

MR. PUDLAT:

(Translation) Thank you, Mr. Chairman. I'm understanding what is being said with the amendments to the policy concerning the current rates. I understand what is being done as amendments to the policy, but the information sheets that were provided indicated which changes would occur in relation to the commercial areas, such as the co-ops, particularly those co-ops that have hotels. They are combined as both a general store and as a place to stay away from home. More and more hotels are being implemented in the communities, as owned by the co-ops. For instance, we have a number of them in the Baffin region.

The commercial sector have their own houses as well. Many of these businesses are not making a profit. In many instances they are just barely breaking even. This doesn't apply to every business, but this will add further to the bills that they have to pay.

I have a question. You say there will be more uniformity in the payment of the rates in the territories. My question is, I'd like more information. How different are they right now as they stand, first of all? That would be my question to you. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Pudlat. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

(Translation) Perhaps your question, if I may answer it, are that the hamlets and the municipalities differ with every municipality in the territories. Because of that we're trying to make them more uniform. People are paying different rates for the same or similar services for water and sewer delivery, pick-up services, et cetera. They are trying to make this more equal amongst the various communities. Do you understand what I'm saying?

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Arngna'naaq. The chair recognizes the Member for Baffin South, Mr. Pudlat.

MR. PUDLAT:

(Translation) Just for clarification, will that apply to all home owners and people in public housing under social housing? Will this apply to home owners who have their own homes? Will this increase for water and sewage services

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be applied to home owners and people in general social housing for the services that they will be receiving? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Pudlat. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. (Translation) This will be affecting home owners. Tenants under housing authorities for the water and sewer services are being provided and paid for by the Housing Association, but the rates that they pay will be slightly increased.

CHAIRMAN (Mr. Whitford):

Thank you. Mr. Pudlat.

MR. PUDLAT:

(Translation) Mr. Chairman, I am sure everyone can understand this issue. I was told that this idea has been in place for quite some time now. However, we, the MLAs, who have people to represent, should be involved when important policies such as this are being implemented. Until now, we have had very little involvement. You indicated that this idea has been around for a long time now and you said they would

be in effect within 90 days. This is probably a new idea to some communities.

Once this water and sewer services policy is amended, it seems to me that many communities are in agreement, but as representatives of the people here in the House, we haven't really received any feedback from the people. We don't know if they agree or disagree. Because of that, when this is going to be implemented almost immediately, I would first want full consultation with the communities, especially from the regions that I represent, because it will be affecting them in a huge way.

How much time have you given as notice? Have you received quite a response from the communities that you have been in touch with? It is hard to tell, at this time, what they think of this policy amendment. I am aware that the majority of the hamlets will probably support the policy amendment concerning the community services and the slight increase for the villages and the towns. There should be more input and public information being made available before this becomes implemented as a policy. There are many different communities that will have different opinions, but we seem to have given too short a notice to our communities. In the end, it will be us who have to do the explaining.

If you want to amend this policy, it is important that we know about it well in advance so we can inform people in our ridings. They, in turn, will be looking at us for some answers. They will be keeping abreast of the developments on this amendment. Mr. Chairman, this is more of a comment. I would want this better publicized and more consultation with the communities because it is going to have a huge impact on those communities. I am not just trying to disagree with the policy amendments, but I think consultation with the public is very important. I am sure people will have an opinion if it involves any increasing of rates. This was more of a comment rather than a question. I will stop there. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Pudlat. The Member indicated that there was no comment necessary there. The chairman will now recognize Mr. Ng.

MR. NG:

Thank you, Mr. Chairman. I wanted to add to what my colleagues had said regarding consultation. I had

mentioned in my Member's statement as well that I don't believe that the department has consulted as thoroughly as they could have. I think they may have done it on a limited basis to some communities and to some Members and some organizations. Although, generally, I agree with the user-pay concept where some of these charges will have to be increased in the immediate future. It will be one of the things that the government will continue to have to take a look at, as long as it is fair and equitable and affordable in these rates being charged to the consumers and the residents in our communities.

I did have a chance to briefly review this policy regarding the impact on water and sewage charges on commercial users that the officials provided to us while I was speaking on it. I would like to thank them for that, but, with all due respect to the staff members who put it together, I believe there are some omissions and some pretty significant ones from this paper that has been provided in my initial review of it. When you look at a community like Rankin Inlet, there are only five or six businesses listed there, and I know there are three hotels, the Northern store and co-op store are not listed in Rankin Inlet. I noticed, in some of the other communities, the Northern stores are listed but their staff housing isn't listed, unless they are lumped together as one under Northern. In others, they are broken out, so there are some inconsistencies in some of the reporting on this rate change analysis that the department has provided. I would like to ask them if they are aware of this, or if there is any particular reason for it. Finally, I noticed, in speaking to my colleague, Mr. Pudluk from Resolute Bay, that their major hotel, Narwhal Arctic Services, isn't listed in this analysis as well. I would like to get some comments from the department on that. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ng. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Mr. Chairman, when I look at this list as well, I think there are some areas which have not been listed. For the specific consumer commercial users that are listed in this particular listing, I am not aware of the details. Mr. Christensen has more information on it.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Arngna'naaq. Mr. Christensen.

MR. CHRISTENSEN:

Mr. Chairman, the source of the document was drawn from all of the municipalities listed. This was the list of commercial consumers that were supplied to us from the municipalities. If there are errors, then we will make every effort to update the list as soon as we can. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Christensen. Mr. Ng.

MR. NG:

Thank you, Mr. Chairman. If the integrity of this list is in doubt, then aren't all the calculations that the department has put forward regarding the net effect on the government all based on the consumption levels of commercial users in the NWT as a result of this document?

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CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ng. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I will ask Mr. Christensen to respond again.

CHAIRMAN (Mr. Whitford):

Thank you, Minister Arngna'naaq. Mr. Christensen.

MR. CHRISTENSEN:

Mr. Chairman, the financial analysis for the subsidy changes were drawn from the actual claims that we paid to municipalities and the detail that came from the claims themselves, in terms of aggregate consumptions. This list was drawn from a separate effort on request to the municipalities.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Christensen. If the Member for Kitikmeot is finished, the chair recognizes the Member for Iqaluit, Mr. Patterson.

MR. PATTERSON:

Thank you, Mr. Chairman. Mr. Chairman, I think we should know what we're dealing with here. I must also thank the Minister for making these samples of

impacts in various communities available. I appreciate that. I think, as Mr. Ng said, that there could have perhaps been better examples given than the one cited in the Minister's statement of March 30 about the Northern Stores in three or four communities. The thing that leapt out at me in looking at this sample list is the impact on hotels.

The Sunshine Inn in Arctic Red River is facing a more than doubling of its water costs as is the Pingo Park Motel in Tuktoyaktuk, the Inns North operation in Whale Cove and the co-op hotel. The Clyde River Qamaq Hotel rates are projected from \$3,006 to \$6,532 per annum. I just have to ask myself what that is going to do for tourism in our communities, especially the small ones that are trying to develop tourism. I also wonder what it is going to do for the cost of doing business by this government and other people in the Northwest Territories.

There aren't very many examples of private homes in the sample list, but I see that the water rate for one home owner in Cape Dorset, if I understand it correctly, is going to double. I believe that's a private home. I find that curious because we have a government who on the one hand is promoting private home ownership and even, for heaven's sake, selling staff housing in places like Cape Dorset. Yet, on the other hand, signals are coming out to these people that they are going to have to pay substantially more for water.

I agree with Members that the impacts really need to be fully assessed before we embrace this policy. In the initial statement the Minister made, he talked about the call for further coverage of this policy by the village of Fort Simpson and the Member for Nahendeh. I certainly don't want to get mixed up in his riding. I know that over the years, Fort Simpson has had to have special attention from this government because of its small size and small tax base, and I suspect that's the same reason Iqaluit has the benefit of the subsidy extended to it because of its small tax base and the expensive utility operation there which is a burden on the town.

If there was a problem in Fort Simpson, then why didn't the department look at fixing up the problem in Fort Simpson and doing what is necessary to meet their concerns, rather than -- and the Minister will correct me if I'm mistaken in this -- apply the solution for Fort Simpson to hamlets and communities from Sanikiluaq to Arctic Red River? Wouldn't it have been a simpler matter to fix the problem in Simpson? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I would like to indicate that I am in support of home ownership and small businesses across the Northwest Territories. I think that has been stated clearly by Members of the Cabinet. However, I would like to say that part of the message we wanted to send with this increase is that there are costs to this government which could be shared by the residents of the Northwest Territories. This is not a very easy decision to make, but I hope it will make people realize how much of a subsidy is being received by the municipalities.

This is a small rate reduction for most residential users. The example the Member used with Cape Dorset appears to be the name of a person, but in the records of the department, it is one of the commercial users there. Therefore, it is listed with the commercial users of Cape Dorset. I believe that answers the question about Cape Dorset.

With regard to the other question, I will ask Mr. Menard to respond.

CHAIRMAN (Mr. Whitford):

Thank you. Mr. Menard.

MR. MENARD:

We did look at dealing with Fort Simpson without disrupting the other communities. We looked at dealing with Fort Simpson that way and we looked at dealing with Hay River and Inuvik the same way, but we only had so much money so we tried to rationalize a whole water and sewage subsidy program in one, and then had to do some changes. We had a hard time wrestling with fairness and equity because what was perhaps fair in Fort Smith to businesses was not fair maybe in Resolute Bay or other places.

There is only so much that we felt that this government could subsidize and we wanted to equalize the subsidy to allow businesses the opportunity to recover some of their costs through rates. I don't think the increases are that bad that they will deter tourism or anything like that. Again, we went with the wisdom of the Cabinet. Instead of going with 50 per cent right away, we will only go ten per cent at a time to see the impacts. We want to minimize the impacts and hope they will be minimal

before we move to the next ten per cent cut. I think, eventually, we'll be able to equalize.

We'll also encourage conservation because one of the worst abusers of water are hotels. When I travelled to Cape Dorset back in the early years, every place I went in the bathrooms there were little signs. I was scared to turn the water on because of the signs that said don't waste water, conserve. As soon as we came in with the policy, the showerheads were changed, they had bigger taps and people used more water, to the point of just about wasting it. We know, as a government that supports it, that it might cost the government more money. But I think by rationalizing the policy, we're

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shifting some responsibility to users, to municipalities and try to live within our means.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Menard. The chair continues to recognize the Member for Iqaluit, Mr. Patterson.

MR. PATTERSON:

Thank you, Mr. Chairman. Mr. Chairman, I understand now that the sample list we got was commercial users. I wonder if we could ask the department whether they have prepared a similar analysis for private home owners in various communities to project the typical impact of this proposed change? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Patterson. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Mr. Chairman, we don't have one that would list the residents of every community. We do have a paper that did look at the impact on residential and non-profit users in a number of communities across the Northwest Territories, but not as extensive as the commercial users impact analysis that was handed out. We could make this available to Members as well.

CHAIRMAN (Mr. Whitford):

Thank you, Minister Arngna'naaq. The chair will now recognize Mr. Antoine. General comments, Mr. Patterson.

MR. PATTERSON:

Mr. Chairman, I don't know if I was fair to the Minister in my Member's statement today. I don't recall a whimper of notice about this when we discussed the main estimates of Municipal and Community Affairs. Was the new proposed water and sewer services subsidy policy built into the main estimates of the department or will the proposed revenues be in addition to the revenues forecast in the main estimates approved by this Assembly earlier this session? Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Patterson. Minister Arngna'naaq.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I don't know if it is so much revenue as it is savings. However, the impact of this particular amendment was not in Cabinet and had not been considered in this budget. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Arngna'naaq. The chair will now recognize Mr. Antoine.

MR. ANTOINE:

Thank you, Mr. Chairman. The water and sewage subsidy program is something that I have been pursuing for a number of years, since I was elected over two years ago. I have been in contact with the Ministers and the deputy minister quite often and they have been trying to keep me abreast of the developments in this policy. The reason for my pursuing it was that the village of Fort Simpson is a tax-based municipality, however, it is not a full-fledged tax-based municipality. It is labelled as a tax-based municipality. I think the majority of the people in the community don't pay taxes. There is a minority that pay taxes. As a result of that, they call it a tax-based municipality. It is an odd type of arrangement.

Every year the village has to go to the government to get subsidized because of the accumulated deficit that arises through the year towards the water and sewer subsidy. When I heard the policy last week, I was quite pleased because it helps the community of Fort Simpson. It is the type of thing we have been pursuing. I just want to let people here know that in the community of Fort Simpson, the people who live in the area I live in, pay \$15 a trip, no matter how much water we get. Some people get water twice a

week, that is \$30 per week or \$120 per month. Some people get water three times a week, so it may be as high as \$180 per month. This has been going on within the last couple of months. The water and sewer subsidy is not in place. As a result of that, the people who deliver the water are a private business. He has to pay for his costs. So because of the lack of subsidy, we have to pay that much. We are already paying the level that was stated here earlier today by some Members of how the costs will escalate if this subsidy program is put in place.

I am not for deferring this policy, but to accommodate some of the Members who have a concern, we could perhaps see if the Minister could do more consultation with the communities and get back to Members of the House as soon as he can to tell us the results of the consultations before this policy is put into effect. Perhaps that may be one way of dealing with this problem. It seems to be a consultation problem. Personally, I have been pursuing this in the House, so I am quite familiar with what is going on. I didn't know the details of the policy until the Minister announced it. It is going to have an impact on the communities, mainly in Fort Simpson and Fort Liard. In Fort Simpson, it will sure help.

At the present time, the Fort Simpson accumulated deficit is \$560,000 towards the water and sewer program because there is no subsidy in place. They have been accumulating it up to that amount. All the other programs are right on. There are no problems there. But in the area of water and sewer, it is taking away the finances from other programs. So they are in a difficult financial situation because of this program. If this subsidy kicks in, I am told the village is going to recover this \$560,000 over the next three years. So the community is going to pay for the accumulated deficit they are in. So this policy is definitely going to help the community.

The way this policy is perceived to be is, to accommodate Fort Simpson and Hay River, we are jacking up everyone's costs. That is what I am picking up from some of the Members in this House. We are dealing with two different items here. One of them is to equalize the pay to other Members by implementing the subsidy program in the community of Fort Simpson and Hay River. That is one area. Along with that, there are some changes in the hamlets to the commercial users and other municipalities. The commercial users are going to change. That is going to drive up the cost of some businesses, especially the businesses that use a great deal of water, like the hotels and so forth. That

might impact on the room rates and so forth. It has a ripple effect in communities.

I just want to make it clear that we are dealing with two different issues here. One of them is to equalize the water subsidy program to the communities. The other one is that we are trying to get people to pay more. I just want to use the people I know in my neighbourhood in Fort Simpson as an example. Since we started paying \$15 for a trip, that is \$30 a

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week and \$120 a month, people start conserving their water. You don't take showers as often as you normally did and you use the water very conservatively. Sometimes you run out of water.

Water is a commodity that is needed in our lives and it has all kinds of different uses, but people have been used to the cost of it. The Minister, in his statement, stated that there is a historical connotation to it. In 1987, this subsidy was introduced with 0.2 of a cent per litre. In 1990, it increased to 0.22 of a cent per litre. Now, it is up to 0.33 of a cent per litre. It is increasing. How long are we going to subsidize these communities? That is another question. We are talking about user-pay. The problem that I am hearing from Members in this House is that there was a lack of consultation. The other problem that I am hearing, what the Members are saying is that, to accommodate Fort Simpson, we are jacking up everybody else's costs. Is my perception correct? Is that the case? Thank you.

CHAIRMAN (Mr. Ningark):

Thank you. Mr. Minister.

HON. SILAS ARNGNA'NAAQ:

Thank you, Mr. Chairman. I apologize to the Member if that is the message that the Member is receiving, because that is certainly not the intention of the statements that I have been making. If I could clarify the reference by the Member in the statement, I think that there has been consultation and the need for the equity of this particular policy has been a request made by the municipality of Fort Simpson over a number of years. I think that is what we have been trying to indicate. I don't think that the increase that this amendment is causing is as a result of the village of Fort Simpson. Rather, the increase is based on the base rate which is used. The base rate is based on the rates used in the city of Yellowknife, which, at the

present time, are at 0.33 of a cent per litre. That is what the amendment is doing. It is decreasing the subsidy so that it is in line with the base rate that is used here in the city of Yellowknife. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ningark):

Thank you. General comments. Mr. Antoine.

MR. ANTOINE:

Thank you. I just wanted to further state that I was aware of these changes to this policy as far back as the last government, when we first talked about it. I am sure that I wasn't even involved with the government, but I knew about it. I knew that it was going to benefit the community because we pay a much higher rate right now for water. Even though we are designated as a tax-based municipality, there are some communities in the north which are far larger than Fort Simpson and are still hamlets and they get the full subsidy, such as Pond Inlet, Cape Dorset, Rankin Inlet and Arviat. These are some of the communities that I would like to name specifically that are larger than Fort Simpson with more people. In fact, some of them have more businesses and they are still fully subsidized.

When we talk about one of the principles of the Standing Committee on Finance as fairness and equity, I think what this policy does is try to equalize the whole water and sewage program. That has been going on for a number of years. Even when the last government introduced it, I was aware of it even though I wasn't involved in the government. In this time around, what the department has attempted to do is try to equalize it and try to be fair at the same time. I would like to say that is a good policy. However, there is some concern with some of the Members that there seems to be a lack of consultation. That seems to be the main problem that we are having here. If we could perhaps deal with that consultation problem, then it probably will be supported in this House. Thank you.

CHAIRMAN (Mr. Ningark):

Thank you. Mr. Koe.

MR. KOE:

I think most Members have had an opportunity to make their comments. I still have concerns about the implication to small businesses across the north,

particularly the businesses in my community. I would like to propose a motion, Mr. Chairman.

Committee Motion 42-12(5): To Defer Implementation Of The Amendments To The Water And Sewage Services Subsidy Policy, Carried

Whereas, there was limited consultation with communities regarding a potential impact of changes to the water and sewage services subsidy policy;

And whereas, there may be significant implications for small businesses and private home owners as a result of the changes;

Now therefore I move that the Minister of Municipal and Community Affairs undertake and complete consultations with communities regarding the impact of changes to the water and sewage services subsidy policy;

And further, that the Minister prepare a detailed report on the consultation undertaken, including communities, organizations and individuals consulted and comments as a result of these consultations;

And further, that the matter of the water and sewage services subsidy policy be referred to the Standing Committee on Finance for review of the policy's implications;

And further, that the Minister provide the report to the Standing Committee on Finance by May 5, 1994;

And further, that full implementation of the water and sewage subsidy policy not be proceeded with until the Standing Committee on Finance has provided its comments to the Minister of Municipal and Community Affairs.

CHAIRMAN (Mr. Ningark):

Thank you, Mr. Koe. The motion is in order. To the motion. Mr. Koe.

MR. KOE:

I think the implications of the wording of the motion are fairly clear. Members have indicated a concern about consultation. Other Members have indicated concern about the implications on small businesses and on private home owners. Other Members have indicated their concern about the impacts on their specific communities. The Minister and his staff have indicated that each community has some anomalies and the delivery system and the costs are different.

What we would like, and what Mr. Antoine indicated, is that the consultation has to be documented and we have to be clear that where

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there are impacts, proper consultation is done. We want to refer the process to the Standing Committee on Finance. We want a report to be made to the standing committee by May 5, which would still give the department ample time to implement the policy by June 1, if that happens.

My understanding is that the Standing Committee on Finance will be meeting some time in May so they can review the report from the department then. That is why the motion was made. Mahsi.

CHAIRMAN (Mr. Ningark):

Thank you. To the principle of the motion. Mr. Minister and then Mr. Zoe.

HON. SILAS ARNGNA'NAAQ:

Mr. Chairman, I'm told that the requirement of this particular motion, that a report be made to the Standing Committee on Finance by May 5, would require at least three weeks before information gets out to the communities. It is understandable, and I don't know if we could get back to the Standing Committee on Finance by May 5. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ningark):

Thank you. To the motion. Mr. Zoe.

MR. ZOE:

Mr. Chairman, I have no problem with this motion. I think the motion speaks for itself, but it doesn't necessarily mean -- from the way I read it -- that they can implement it by June 1. My understanding is that, even though the government has currently set June 1 as an implementation date, according to the regulations, the consultation period required is 90 days, particularly when you are dealing with by-laws and so forth. I don't think they're going to meet their target date for June 1, anyway.

Even if we change the May 5 date, maybe the department wouldn't be able to meet that deadline. Even if they're a few weeks late, the Standing Committee on Finance is planning to meet the week of May 16. They are hoping that they can take a look

at the report and make recommendations to the department. Until we see the report, we don't want the government to move on this policy.

CHAIRMAN (Mr. Ningark):

Thank you. To the motion. I have Mr. Nerysoo and Madam Premier. Mr. Nerysoo.

HON. RICHARD NERYSOO:

Thank you, Mr. Chairman. There are two problems that the motion creates. First, the suggestion that the Minister could proceed may be in doubt because of the motion. The fact is, there may be a suggestion in the review by the standing committee that the policy not be implemented until a later date. If the notices are given which suggest the policy is going to be implemented earlier and you're asking the municipalities to do all the work with their by-laws, it is not very helpful for them. I have to say that it could cause more problems than it will solve.

The other point is this, no matter what situation occurs, nobody wants to pay more. That's the reality. Nobody wants to pay more money. In a political process, the criticisms that people are going to be receiving are going to be that they can't afford to pay any more. But, this is a situation where we're dealing with a subsidy. I hope that my colleagues on the Standing Committee on Finance would recognize that their constructive suggestions should be to ensure that there is fairness of the subsidy, which was the intention of the department in the first place, rather than suggesting that it not be applied. That it should be applied as fairly as possible should be the basis on which you review this matter.

If it is to suggest that it is not going to happen, well, that's another political issue very different from the principle that Mr. Antoine spoke of a few minutes ago, and that is, fairness and equity in terms of the application of the policy. I would hope that my colleagues would consider this in terms of their review. But, it still could cause very serious problems about the implementation. You're talking about 90 days and you're in the 60-day period, and you only have 30 days to change it. The review may not happen within that 30 days. I would ask that my colleagues be aware of that.

I'm not speaking against the motion, I'm just raising a few concerns that I have, so that you're aware of them.

CHAIRMAN (Mr. Ningark):

Thank you. To the motion. Madam Premier.

HON. NELLIE COURNOYEA:

I was going to say somewhat the same thing as Mr. Nerysoo. The thing is, the notices will go out for June 1. Between now and then, the community councils or hamlet councils are going to be dealt with. That's a foregone conclusion because this is part of the process that any new policies go through. Each community will be dealt with, in detail, because they'll need some help.

So, the notices will go out for June 1. We're going into the summer and I know that a lot of people don't like to get things done on time. If there's an implication here that the government cannot change the policy and that it is going to be changed, people will say well, maybe it will be changed, so why should we get this job done. The notices will go out for June 1. I don't think the results of whatever is completed between now and then can be available in May. Work in the communities will have to be work that is carried out anyway.

If the implications are that, somehow or other, the standing committee is going to say, you have done your consultation. Here is a report. You don't do it. I don't think that is in the cards right now, because this policy has been around a long time. We have put it on and off the table. People who have been on Cabinet know very well how difficult it was to deal with. So, it is staged over a number of years. We did make a commitment to review it before making the next change. Before we change next year, we will review how that is happening as well. We have made that commitment to ourselves to do that.

The notices will go out June 1. What we have can be made available to the Members, but the changes will be taking place on June 1. Thank you.

CHAIRMAN (Mr. Ningark):

Thank you. To the motion. Mr. Patterson.

MR. PATTERSON:

Mr. Chairman, it sounds like the Premier has thrown down the gauntlet. I have some sympathy for the Minister because I know this policy has been kicking around the department for years. I remember dealing with the issue

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long ago when I had his job. I managed to avoid bringing it forward because of the political and financial implications.

The summary of what is being a difficult debate in the dying days of this session is that this is a surprise to the public. It may not be a surprise to the SAOs and the people who understand this and have been talking about it for some time, but it is going to be a real surprise to the members of the public. It certainly has been a surprise to MLAs. I think that is clear from the reaction from the beginning. It was unfortunate that information was given to municipalities and hamlets before it was given to Members of this House. I think the Minister has expressed his regrets about that, but that is what happened. It was being discussed on the street in our constituencies before we were even officially informed. That is regrettable.

The implications are still unclear. We have still to receive the advice from the Association of Municipalities, which has considered the issue in recent days and will also be meeting soon with its annual general meeting. I think the timing is unfortunate because of the beginning of the fiscal year for municipalities. I do still believe that it is a hidden tax. I am not sure that doubling the water rates in the hotel in Pangnirtung is not going to affect tourism. I would respectfully want to get more information from operators of those hotels about the impact this might have. I think the hotel business is a tough business to be in these days. I just don't know what effect this might have on some of the struggling operations.

Mr. Chairman, I appreciate that it is only ten per cent, but it is also clear that this is the first ten per cent. I think that was clear from the comments of the officials before us today. I think that we had better be very satisfied with this policy before it is in place or it could well be simply amended. Even more substantial increases could result once the policy has been approved. These things can be insidious.

I would have preferred to have seen much more notice so that everyone could prepare. Perhaps the preparation will include new equipment which will conserve water, but I don't think anybody, especially in the Arctic, has been given very much notice by an announcement in March for implementation in June or July.

Considering all of these things, Mr. Chairman, I think that it makes sense to have the matter studied by the Standing Committee on Finance. It is not clear whether the government is going to accept advice from that committee, but I think it needs further study. I don't think this Assembly has had an opportunity to fully scrutinize this rather complicated matter. I think the motion does the best we can with the difficult situation and that is to have it properly reviewed and await results of consultations from municipalities before we go any further. Thank you.

CHAIRMAN (Mr. Ningark):

Thank you. To the motion, Mr. Koe.

MR. KOE:

Before question, Mr. Chairman, I have some comments on the comments that were made. I don't believe and I have never heard in a debate or in discussions on this that anyone said that people should not pay more. What we are saying is that it should be fair and should be equitable. Users should be made aware of what the impacts are going to be. In some cases, I don't think 100 or 300 per cent increases are fair and equitable. No one is saying that government should not proceed with this policy. All we are saying is that we should review it, do proper consultation and have a report on that consultation. We are not satisfied with what has happened to date. This is why the debate is done today, we are in this discussion and this motion is on the floor.

I am very surprised at the Premier's comments. My understanding is that she says that, regardless of what SCOF does or recommends, this government is going to implement this new policy anyway. I think that totally undermines the philosophy of our system of standing committees and their recommendations. I am not very pleased with that statement. At this point, Mr. Chairman, I would like to call question.

CHAIRMAN (Mr. Ningark):

Thank you. Question has been called. All those in favour? All those opposed? Motion is carried.

---Carried

Thank you. Does the committee agree that Minister's Statement 62-12(5), Water and Sewage Services Subsidy Policy, and Tabled Document 65-12(5), Water and Sewage Services Subsidy Policy Amendments are concluded?

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Ningark):

Thank you. I would like to thank the Minister and the witnesses for appearing before the committee. As we agreed to earlier, Bill 19, An Act to Amend the Tobacco Tax Act, is the next item that we will discuss in the committee of the whole. We will take a five minute break.

---SHORT RECESS

Bill 19: An Act To Amend The Tobacco Tax Act

CHAIRMAN (Mr. Ningark):

Thank you. We are dealing with Bill 19, An Act to Amend the Tobacco Tax Act. Mr. Pollard.

Introductory Remarks

HON. JOHN POLLARD:

Thank you, Mr. Chairman. Mr. Chairman, the purpose of the An Act to Amend the Tobacco Tax Act is to change the rate of tax on tobacco, to strengthen the Act's enforcement and penalty provisions, and to make administrative changes. Mr. Chairman, the federal government's recent decision to change federal excise tax rates has created large differences in tax rates between western and central Canada and between southern Canada and the Northwest Territories. It is now possible to purchase a carton of cigarettes in Quebec and Ontario for approximately \$23. Whereas the price in Yellowknife averages \$47 per carton and in Iqaluit, \$56 per carton.

Additionally, Mr. Chairman, because the NWT tax is based on the selling price of tobacco products, the federal government's decision will result in a loss of approximately \$2.3 million in revenue to the Government of the Northwest Territories unless the rate of tobacco tax is changed. Mr. Chairman, our

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government has few choices. If we do not change our rate of tax the substantially lower price of tobacco products will most definitely lead to the increased use of tobacco products, increased health problems, and increased cost to government. On the other hand, if

we maintain our tax levels on tobacco products without strengthening our legislation, we would expect to see increased smuggling activity.

Mr. Chairman, the proposed amendments to the act, therefore, include new sections designed to control the flow of cheap tobacco products into the territories. These amendments will permit enforcement officers to do search and seizures of smaller quantities of tobacco than was previously allowed. The amendments will require an importer of tobacco other than a person who is a collector, to obtain an import permit and will make it an offence to import tobacco without a permit. The amendments will also make it an offence for any person to possess tobacco products that are stamped, marked, sealed, or labelled for sale in another jurisdiction.

Mr. Chairman, it is also proposed that penalties be substantially increased, especially for repeat offenders. Consultation with the RCMP, the federal Crown attorney's office, and our Department of Justice lead us to believe these amendments will substantially improve the government's ability to enforce provisions of the Tobacco Tax Act.

Mr. Chairman, these amendments are needed to maintain our revenues, to ensure that our legislation can be enforced, to stop cheap tobacco products from being brought into the territories, to control consumption and decrease potential health problems, and to control the cost to government. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ningark):

Thank you, Mr. Minister. Does the appropriate committee chair have an opening introductory report? Mr. Antoine.

Standing Committee On Finance Comments

MR. ANTOINE:

Thank you, Mr. Chairman. The Standing Committee on Finance review of Bill 19, An Act to Amend The Tobacco Tax Act, had its meetings in Yellowknife on March 29 and 30, 1994. The committee discussed this bill with the Minister of Finance and his staff. The standing committee has reviewed the financial aspects of this bill. The committee Members support the government's initiative to increase tobacco taxes. This will prevent a loss of revenues to the government after the federal tobacco tax cut by restoring the price of cigarettes in the NWT to where it was before the

federal tax cut. This measure will also discourage our youth from beginning to smoke.

However, Members of the standing committee and of the Ordinary Members' Caucus noted various concerns regarding other aspects of the bill. One concern is the change to the amount of tobacco which justifies search and seizure by an enforcement officer. Another issue that concerns Members is increased penalties for offences under the act, and especially the minimum sentence for certain offences. Many Members of this Assembly feel strongly that these enforcement and administration measures must be subject to public consultation before passage in this House. Individual Members of the standing committee will take this opportunity in committee of the whole to address concerns and seek further information from the Minister. Mahsi, Mr. Chairman.

CHAIRMAN (Mr. Ningark):

Thank you, Mr. Antoine. General comments to Bill 19, An Act to Amend The Tobacco Tax Act. Mr. Dent.

General Comments

MR. DENT:

Thank you, Mr. Chairman. In making general comments, I would like to indicate that I very strongly support measures to keep the cost of tobacco as high as possible purely for health reasons. Given the studies which have confirmed the relationship between the cost of tobacco and consumption, especially for teenagers, it's very important that we get the price back up to where it was before the federal government and some of the provinces cut their taxes and prices. Mr. Chairman, the cost for health care resulting from tobacco consumption is way too high. Based on national estimates, it would appear that health care expenditures on smoking-related illnesses are about \$1500 per year, per smoker. If you carry those figures forward for the Northwest Territories that would indicate that our annual health care costs for smoking related illnesses would be somewhere in the area of \$45 million. This is way more than what we will collect even with the expanded taxes proposed by this bill. Given the relationship between the cost of tobacco and consumption, if we don't increase taxes as proposed in this bill, the increase in the number of smokers resulting from lower costs could increase the cost of health care in the NWT by \$3 to \$6 million a year.

Mr. Chairman, the Department of Health stated in 1990 that most lung cancers, which account for over one-quarter of all cancers in the Northwest Territories, are caused by smoking. They pointed out that in the NWT, the incidence of men and women smoking is much higher than it is in the rest of Canada. The Department of Health also pointed out that comparatively speaking, NWT men had an incidence of lung cancer that was 50 per cent higher than the rest of Canada and women, an incidence nearly four times as high as the rest of Canada. Mr. Chairman, the human and financial costs to health caused by smoking simply must be addressed. Raising the price of tobacco back to about the level it was at before the federal government and some provinces cut taxes is just a small step in what I see as an essential process.

As the Minister has pointed out, there is not much point in just increasing the cost unless we also can deal with smuggling. I support the improved enforcement aspects of this act. I think they are very important. I think the current act is almost impossible to enforce. One area that the proposed act also clears up is one that needs attention and that is where under our current act it is right now an offence to return to the NWT from a trip outside with even one cigarette unless you provide the invoice for that cigarette to the Minister of Finance and pay the taxes. This new act will allow people to bring back a small amount of tobacco for their personal use without being required to declare that fact and pay the tax. I think this is much more realistic than what our current situation is.

Mr. Chairman, I think the bottom line is that we have to do more. We have to put more effort into developing campaigns to convince people not to smoke. We have to be willing to put

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the money and resources into programs to cut down on smoking and especially cut down on, or try and cut back on the number of young people starting to smoke. As I said, Mr. Chairman, I see this bill as just one small step in that process but it's one that has to be supported. I will be supporting this bill and I hope that other Members will support the provisions in this bill as well. Thank you, Mr. Chairman.

---Applause

CHAIRMAN (Mr. Ningark):

Thank you. Prior to entertaining more comments, I would like to ask the honourable Minister if he wishes to bring in his witnesses dealing with Bill 19. Mr. Minister.

HON. JOHN POLLARD:

If I might, Mr. Chairman. Thank you.

CHAIRMAN (Mr. Ningark):

Sergeant-at-Arms, please escort the witnesses. Mr. Minister, for the record, introduce the witnesses to the committee, please.

HON. JOHN POLLARD:

Thank you, Mr. Chairman. Mr. Chairman, the lady on my immediate left is Diane Buckland, who is legislative counsel. The gentlemen on my right is Eric Nielsen, the deputy minister of Finance for the GNWT. To Ms. Buckland's left is Tony Dawson, the director of revenue and asset management for the Department of Finance. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ningark):

Thank you. Any further general comments from the committee? Mr. Patterson.

MR. PATTERSON:

Thank you, Mr. Chairman. Mr. Chairman, I'm aware that there may be some concerns expressed by some Members about some provisions of the bill. I just want to say, Mr. Chairman, that the situation in Iqaluit is a special one, with pretty well daily jet service from Montreal and Ottawa. It is therefore going to be extremely difficult, now that this bill will increase the price of cigarettes, to prevent people from illegally importing tobacco to Iqaluit and, I suspect, from Iqaluit to other communities.

I have to say that it is now unfortunately quite commonplace for people in my community to order tobacco with food grocery orders. One of my constituents told me just last week, he can easily cover the cost of the freight for the food in a typical order with the savings obtained for cigarette prices. I think that is the problem that the Minister of Finance and his officials are going to face in Iqaluit. I'm not yet aware of any organized smuggling operations in the community, where people are selling cigarettes out of the back of taxicabs or other places. That may come. But what has certainly happened is there has been a mushrooming of the ordering of food and tobacco.

I'm told that it has been a bit of a bonanza for airlines and their airfreight business has gone up significantly, at least in the grocery area, ever since the federal government dropped prices so dramatically in Quebec. Mr. Chairman, I'm a person who, like Mr. Dent -- who spoke very well on this issue -- has supported increasing taxes on cigarettes a number of times over the year. I think there is clear correlation between the price of cigarettes and the amount of smoking. It is a deterrent to raise prices. It could look like we're doing the right thing today, but I have to say that there are going to have to be some real efforts made in Iqaluit if we're to avoid the opposite effect, and that is a leakage of tax revenues to southern Canada. Incidentally, that will undermine the local retail sector in the community.

I just want to say, Mr. Chairman, that I am pleased that the Minister has gone to the trouble, since all of this happened in a hurry, of not just increasing the tax but recommending enhanced collection and enforcement measures. How those measures are going to work or whether they're going to work remains to be seen. I think it's important that efforts be made to deal with this issue. It will remain to be seen just what, precisely, is going to be done, but at least if this bill passes, our government will have the tools to take stronger action than has been taken now. That is helpful.

If it gets to the stage of more active smuggling business, which unfortunately is also often associated with alcohol and drugs, then we may well need additional police presence in Iqaluit, if not the Baffin region. Mr. Chairman, I want to just say that I will support this bill, but I will support the bill as a whole. I don't think we can take bits and pieces of it and take the tax increase without the enforcement measures, for example. That won't work at all in my constituency and perhaps in the whole of Baffin.

My respectful advice to the honourable Members is take the whole bill. If we're going to approve it, then approve it with the enforcement and, yes, search and seizure provisions. There is a substantial amount of revenue involved here and I think we need to have the tools to let people know that their obligation as residents of the Northwest Territories is to pay taxes to the government that they expect to provide them with services in the Northwest Territories. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ningark):

To Bill 19. I have Mr. Pudlat, Mr. Whitford and Mr. Antoine. Mr. Pudlat.

MR. PUDLAT:

(Translation) Thank you, Mr. Chairman. I'm not against the Minister's amendment to the Tobacco Tax Act. I'm not against the proposed increases to tobacco taxes. I will be asking questions after I make some comments. I have some constituents who are in the Quebec area, namely in Sanikiluaq. They are already seeing some changes regarding smuggling of tobacco products from southern Quebec. Companies who are selling tobacco will have to keep a careful eye on how their tobacco is being distributed to northern communities. I feel that organized crime will increase in the Northwest Territories if this bill is to proceed.

I'm not stating that I'm against this bill, however my constituents in Sanikiluaq have very grave concerns concerning the tobacco tax increases because of the increases in smuggling and organized crime that may result in this community. For instance, if they were to go to Montreal or one of the Quebec communities and buy a carton of cigarettes, they would save about \$7.85 instead of buying the tobacco product in their community. I suspect that crime will increase with regard to smuggling and I have a great fear about that as well as my constituency.

I fully support the health aspect of the Tobacco Tax Act. However, if there were going to be customers going to Montreal or Ottawa from my constituency of Sanikiluaq, how

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will they be treated if they were caught with smuggling with a carton of cigarettes or more? How will they be treated by the law enforcement? I think there is going to be an increase of crime when this bill that is being proposed goes into effect. This is the only problem I have with it. Otherwise, I don't have any problems with the bill as it is.

As we all know, we were well aware that the Tobacco Tax Act would be amended to increase cigarettes and tobacco products. We have consulted with our constituencies regarding the increases. They are well aware of the increases that will be upcoming. Some people have really supported the Tobacco Tax Act, but there are some people who have some very good concerns regarding the increases on tobacco, particularly in the Northwest Territories. We all know

that the Minister has been briefing us on this bill. We are aware of what is in the bill and what it is meant to do.

If there are going to be some law enforcers in the communities, how will they go through all the luggage and suitcases that go through the airports and terminals? For example, if a person is caught smuggling cartons of cigarettes, they will be charged for smuggling the product. I am sure the people of my constituency of Sanikiluaq will try and get the cheaper cigarettes from the surrounding provinces like Ontario and Quebec. I think this will have to be looked into by the Department of Health or Justice. I am sure many people will have to be searched to see if there are any cigarettes being smuggled into the communities. I wanted to ask the Minister how they will enforce the law when some customers from the Northwest Territories come in from provinces like Quebec or Ontario. How will they go about searching or seizing the luggage and how will they go about charging a person if they have been caught with smuggling? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ningark):

Mr. Minister.

HON. JOHN POLLARD:

Thank you, Mr. Chairman. People can only be searched if there are reasonable and probable grounds to believe that they may be carrying a product that they shouldn't be carrying. I don't want anybody to get the idea that we are going to stop and search everybody. In talking with the RCMP, the present act is somewhat restricted for them. It was felt that, to give the RCMP and other peace officers a running chance, the act should be beefed up in some areas. To answer the question quickly, we are not going to search every airplane or every person going to and coming from the different provinces, whatever part of the territories they live in. We just don't have enough manpower to do that. We certainly wouldn't have the law to do that, Mr. Chairman. Thank you.

CHAIRMAN (Mr. Ningark):

Thank you. Mr. Whitford.

MR. WHITFORD:

Thank you, Mr. Chairman. My comments will be brief. Other Members have said many of the things that I would have said to the issue. I will support the bill, Mr. Chairman. I have taken this under advisement. I

have had sufficient support from the constituents, both smokers and non-smokers, to the matter. There were people who were expressing grave concern over what we were doing and how we were taxing smokers to death. I have expressed that and I have listened, but I have also listened to the other side of the issue as well.

I do believe that the cost of cigarettes is directly related to the amount that people smoke. It will also act as a deterrent if the price is too high to people who are beginning to smoke. I have seen a frightening increase in the consumption of tobacco, cigarettes particularly, by very young people. It is alarming to see this. I certainly hope that we maintain a price sufficient to deter anybody who wants to start this and perhaps reduce the hard-core smokers the amount that they will smoke. I speak from experience. About 27 years ago, I quit smoking when the price went up on a package of cigarettes by ten per cent. It went up from 50 cents to 55 cents. It was enough for me to quit.

I am comfortable enough with the allowable limits that can be imported into the territories without any tax on it. I think it is some six cartons of cigarettes or 12 packages of loose tobacco. I forget the number of cigars, but it is equivalent in weight. That, in my opinion, is quite sufficient.

I, too, have fears that this bill may not be enforceable. I think we heard, the other day, how one of our Members had called up the department to declare some imported tobacco and they certainly were not prepared to deal with it or hadn't heard or received any calls prior to this although this has been the case for the longest time, that you had to declare it. It was something that I didn't know, that you had to phone up the Department of Revenue and declare the amounts of cigarettes that you were bringing in and ask him how much and send them a cheque. I certainly hope that the department will take the Member's comments seriously and advertise properly and notify and publicize the where and how to do this task by ensuring that people are aware that they can bring in cheaper cigarettes from provinces, but they must declare them after they have brought in their total maximum of six cartons a year.

I also have the fears that Mr. Pudlat expressed about making criminals of our citizens. Again, when I raised that question with constituents, they said that the choice to smoke and smuggle is their's. They know the penalties. It is like anything else. There is a consequence to what they are doing, so that

assuaged the fear that a bit of sympathy might go towards people who say, we are going to increase the numbers of crimes that are going to result from this bill. People will be tempted to bring in cigarettes. It is like anything else. If you are going to bootleg and you get caught, that is the price of doing business.

Mr. Chairman, I had fairly serious concerns about enforcement and how this was going to be carried out, given the fact that it is a self-declaring tax. I find it extremely hard to believe that if someone decides they're going to buy cigarettes somewhere else, that they will immediately phone in and report their purchase. However, I wish the Minister and his department the best of luck in collecting revenues from all tobacco products that are coming in. I find it a little hard to understand how people are going to do this voluntarily, given the nature of the beast that we're dealing with here.

You can see from the news in the previous months to what measures people have gone to smuggle cigarettes from the United States. They use very powerful boats and have ingenious ways of hiding products in vans. They use guns and things of that nature. It will be equally tough to stop it here. I want to congratulate the Minister and his department for

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standing up to this and I certainly hope the western provinces, as they have already declared, will stand together to make sure that they don't cave in, as have Quebec, Ontario and some of the maritime provinces, to the pressures of smugglers.

One thing I feel badly about is that the federal government gave in as quickly as they did to the smugglers instead of enforcing this a little more strictly. They could have broken the back of the smugglers by imposing a different kind of tax, a tax right at the manufacturers level so it didn't matter where they went, it would still be expensive to smuggle, regardless. That said, at least the western provinces have said that they are going to stand together and fight this. I wish them well on that. It would certainly be interesting to see what the results are in a years time. With that, Mr. Chairman, I will be standing behind the Minister to make sure this bill goes through. Thank you.

CHAIRMAN (Mr. Ningark):

Thank you. Mr. Antoine.

MR. ANTOINE:

Thank you, Mr. Chairman. With Bill 19, An Act to Amend The Tobacco Tax Act, I guess the ideal situation in the north would be for everyone to quit smoking. Mr. Pollard would be out of \$2 million. Personally, I have no problems with the Government of the Northwest Territories sliding into the taxation area that the federal government is abandoning. I support that move based on health reasons. If we lower the cost of tobacco, the cost may be an incentive for the younger people of the north to do a lot more smoking.

That is not in the bill at all. But, the federal government raised the legal age of smoking to 18 years of age and there are no more kiddie packs for younger people. The maximum fine for providing smokes to people under the age of 18 had been \$100 and they raised it to \$50,000. That's quite substantial. I would like to ask the Minister why he didn't take up that federal government's move? Another question is, is he intending to make these moves? We probably won't be seeing something like this until next fall. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Member for Nahendeh. Minister Pollard.

HON. JOHN POLLARD:

Thank you, Mr. Chairman. Mr. Chairman, there are a number of issues still outstanding with the federal government. For instance, there is money supposed to be available to provinces and territories to do advertising campaigns to tell people that smoking is bad for them, especially young people. I think I mentioned in this House that the Ministers of Health across the country are not pleased with the federal government with the 18 year age limit, simply because it's not high enough in some opinions, and in other opinions, it is a difficult age to prove. The age of 19 would have been much better. I said that we were going to look at that. Justice has advised us not to put the age issues in this bill. With regard to other areas that Mr. Antoine has raised, those will be looked at, at a later date, Mr. Chairman. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. Member for Nahendeh, Mr. Antoine.

MR. ANTOINE:

When the Standing Committee on Finance looked at this bill, there were only certain clauses in it that pertained to financial matters. It was quite evident that there was total support for that move. However, the other parts of this bill deal with legislation. Personally, I have some problems with the legislation part of it. As a Dene person, we use tobacco differently than other Canadians. I quit smoking but I still purchase tobacco because it is part of our religion, our spiritual belief, that we use tobacco.

Some of you may have participated in the fire ceremony that the Dene in my region have where we collect food and tobacco and feed the fire. We use tobacco as a means to feed the fire. That has been part of the Dene way for many, many years. We also use tobacco as gifts. We give it to our elders. Sometimes, when I travel down south into the provinces and in the states, to attend different Indian gatherings and ceremonies, people give me a carton of tobacco. In the Indian world, and in the Dene world, when somebody gives you gift, you don't say, no, I don't want it. You have to take it.

If I go down south and am given four or five cartons of tobacco, I don't know whether I'm going to be receiving this tobacco, so I can't apply for a permit before I go. And, I wouldn't know how much it would cost, tax-wise, to bring it back. If I bring it back across the US border and the Alberta border and the RCMP stops me, according to this, for a first offence, for less than five cartons, I'll be fined \$1,000. If people have been very generous down there and gave me more than five cartons, I could be charged \$5,000 for a first offence. That's quite the substantial penalty for me. I've talked to people in my constituency about this and people agree that we should keep the rates that high. There's no problem with it. For the implications that I just explained, it puts us in a very awkward position here. The clauses are put in there for very serious smugglers, people who predetermine ahead of time that they are going to go down there and get a substantial amount of tobacco to resell in the north and make a huge profit. That is the intention to put this in there but there are cases, as I explained, where people will become criminals for practising their religion, if they go right by the law. Based on that, I have some problems with this bill in that area. If there could be some changes made or something added to it to allow for people to carry on in their tradition without any harassment from police officers or any threat. If this is in place and people understand the law, then every time they're practising their religion they will be frightened or afraid whenever they see a

police car come down the road because they're carrying tobacco.

Tobacco is also used by some spiritual people that have pipes that are given to them. They practice their way of life quite substantially so they carry tobacco that may not be sold in the store; they make their own. They get the raw tobacco and they chop it up themselves and make their own tobacco. They carry it in pouches and they're not marked. If we go by the letter of the law here, they're also going to breaking the law and will be in trouble. There are a number of examples in that area that I'm aware of that should be stated in the House and people should be made aware that practices like these do happen.

This is legal stuff that we're talking about here. I was told that the last case of somebody getting caught for marijuana was fined \$200. If you get caught for the legal stuff here, you get charged \$1000. That's a big difference. I was told by these people to raise this in the House. That's the point I was asked

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to make. I don't know what the implications of what I just said would cost but that is fact of what happened in the community. Either the fines for marijuana charges should go up substantially, that's one way of dealing with that. If some changes can be made to allow for the spiritual significance of what I said for aboriginal...Even non-aboriginal people are starting to practise aboriginal religions now so it not only pertains to aboriginals, it's something that I wanted to raise in the House. If the Minister could reply to that to see if there could be some changes to that bill in this regard. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Antoine. Minister Pollard, there was a slight indication of a question in that. Would you care to respond? You don't have to. Mr. Pollard.

HON. JOHN POLLARD:

Thank you, Mr. Chairman. Mr. Chairman, I recognize the importance of tobacco for Dene people in their ceremonies and feeding the fire, et cetera. I've participated myself on many an occasion. Mr. Chairman, I should say first of all, that if the tobacco is purchased in the Northwest Territories you can be carrying any amount. If it's purchased here there's no fear of harassment by a peace officer. Secondly, the price of loose tobacco will not go back to it's previous

price. It will not go back to where it was before. I wasn't getting any complaints about the price of loose tobacco before, which was at \$38.51. The price will not go back up that high; it will go to \$33.56. It will only increase .40 cents over what the price is at the present time. I don't think, in effect, loose tobacco is going to be cheaper by some \$5 than it was prior to the federal reduction.

There's also, south of the lake, and I realize this doesn't do Dene who live in the valley and further down any good, but south of the lake I think we all know that if you're a status person you can go to the Dene reserve and purchase tobacco there tax-free. That's totally tax-free. I have heard of people going there to get tobacco for religious and cultural ceremonies and that's totally legal and it's tax-free. You just have to be a status Dene to be able to purchase those products, Mr. Chairman.

Mr. Chairman, when it comes down to marijuana I can't comment. That's another jurisdiction but I'm told that legislators are putting minimums in to pieces of legislation right now so that there will be a penalty that is going to let somebody know that we're serious about people who break the law. Perhaps the marijuana laws were in place before this new resolve that we're seeing from legislators across the country. Yes, the fines are going to be stiff for smuggling; yes, the fines are going to be stiff for having tobacco in your possession that is not purchased in the Northwest Territories, but I think that's the only way to do it Mr. Chairman. If you were going to say to somebody well, we're just going to fine you \$25 or \$30 and slap your wrists, then people wouldn't be deterred by that at all. I make no argument against Mr. Antoine in that regard. Those are stiff penalties and they were put there intentionally, Mr. Chairman. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Minister Pollard. The chair continues to recognize the Member of Nahendeh, Mr. Antoine.

MR. ANTOINE:

Thank you, Mr. Chairman. A final note that I would like to leave this debate with is that I understand that the current law is that it's already an offence to import one cigarette into the north. Anybody who has been purchasing cigarettes in another jurisdiction all these years has been breaking the law. Now this new bill will allow you to bring in one carton without any taxes. In that respect, this bill is better than the current bill. I

understand that and I just wanted to clear that point up. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Antoine. The chair will now recognize Mr. Ningark.

MR. NINGARK:

Thank you, Mr. Chairman. Mr. Chairman, I'm a little bit confused here. To begin with, the intention of the federal government to reduce the price of tobacco was to reduce the smuggling of tobacco from the other side of the border. Ironically, we see an increase in smuggling in the north. What can I say? I think we in the north are paying the price for the solution in the south. I don't know if I am going to support the bill. I will think about it first. I would like my kids not to smoke. I would like to see that this government tax the tobacco accordingly. I don't know what I am going to do in this case. This is the first time I really got confused. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Member for Natilikmiot, for your comments. The chair now recognizes the honourable Member for High Arctic, Mr. Pudluk.

MR. PUDLUK:

(Translation) Thank you, Mr. Chairman. With regard to Bill 19, at this time as it is written now, I cannot say that I will be in support of this bill. In the past, this government had to follow the federal government. The federal government translates as power. If they are going to fix the policies, we tend to follow them. Sometimes, we have no choice but to follow the federal government's incentives. We had realized that the federal government had run into some problems with the smuggling of tobacco from one area to another.

I know that we are going to have the same situation happening to us. I know that there are many bills and acts. Some of us are quite confused as to which direction to follow. For that reason, for those teenagers at that time who are eligible to buy cigarettes at the age of 16, under the federal government, they changed that to age 18. Therefore, we had to abide by that. However, the elders are still living today and adults as I am are growing older. For those people who receive old age pension, they will be greatly impacted by this bill.

In some of our constituencies, I know that people are not using tobacco as much as they used to. Some houses are non-smoking houses now, in my constituency. If there is one person who is a smoker amongst all the non-smokers in the house, even in the cold weather, you still have to go outside to smoke if the house is non-smoking. In spite of that, all the houses are not non-smoking yet.

I believe that tobacco is not good for your health. However, for those who are smokers, they cannot quit smoking. It is impossible for them to quit. I know that tobacco is bad for your health and there are some foods that are smoked. You don't tax smoked food. Have you ever considered whether smoked food or smoked goods are bad for your health? I wonder if there has ever been research on that.

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Cigarettes have a warning on the packages warning you that you can get cancer from smoking. Some people who are non-smokers die of cancer too. Perhaps it is from the smoked foods that they eat. I just wanted to make that comment on the fines that are going to be imposed. With all that, at this time, I cannot support the bill today. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Member for High Arctic. General comments. Mr. Zoe.

MR. ZOE:

Thank you, Mr. Chairman. Pertaining to the amendments to the Tobacco Tax Act, I agree that we definitely require amendments to the existing Tobacco Tax Act that we have. If Members are aware, there are provisions in the existing act to pay tax on even one cigarette. With this new amendment, there are changes in the new bill that require an exemption of up to 200 cigarettes.

Before I get into the contents of the bill itself, Mr. Chairman, I have a concern with regard to the overall strategy of the government. We are moving into the federal tax area. The Minister indicated that in his opening statement. He indicated in his opening statement why they were doing all of these amendments. I have no problem with that. The problem I have is that I don't feel comfortable moving 100 per cent into the federal tax area. Because of the federal government dropping their taxes on cigarettes,

we are losing money for our own territorial revenue. I would have supported more so if we would have increased the revenue that we have lost, but not moving 100 per cent into the federal tax area. I indicated my concerns during the standing committee's review of this bill. But, if the majority want to move right back to where the prices were, I guess I have to go along with that. I'm not too comfortable moving all the way into the federal tax area.

Getting into the contents of the bill, Mr. Chairman, I agree with all the amendments that are being proposed, but I have a lot of concerns with the numbers that we see in front of us. For instance, although it is an improvement over the existing bill, I don't feel 200 cigarettes is adequate. Even though you're allowed to bring tobacco in from outside the territories six times a year under the amendment, tax-free, anything over 200 you have to start paying tax on, and you require a permit too. I also agree with all the rationale that my colleague from Nahendeh has raised about spiritual offerings and so forth. I agree that we do these types of things, giving tobacco to elders and so forth, or when you travel, people give you tobacco.

I agree the administration of the act has to be beefed up to curb smuggling, but I have some concerns about the fines that are being suggested. They are a little too steep for first offenders. To compromise with the Minister, what I would strongly suggest is that we increase the import amount, the non-taxable amount. Right now, you are saying that you are going to tax everything over 200 cigarettes. That's equivalent to one carton of cigarettes, Mr. Chairman. The packages have 25 cigarettes and there are eight in a carton. So, you are allowed to bring one carton into the territories before you're taxed. I don't think that's reasonable.

I know the legislation allows you to be able to do that six times a year but, Mr. Chairman, my constituents don't travel six times a year outside the territories to bring in tobacco. The majority of the time, they travel during the summer when most of them go on the pilgrimage to Alberta. I assume that's the only time they would buy cigarettes. Limiting them to one carton is not reasonable. I would say maybe five to ten cartons, but I would settle for a maximum of five cartons that would be exempt from being taxed.

I have a question about the permit requirement. I think we should exempt individuals who go south from requiring a permit before they even go out to buy

cigarettes. I have concerns about that whole area, Mr. Chairman. On top of that, Mr. Chairman, I agree that we have to beef up the administration of the act. But the offences section of the act is very questionable. It is not reasonable. If we go, as I am suggesting, to a maximum of five cartons per individual that can be imported, that whole section would have to be revised too.

I feel the fines that are being proposed are a little too steep for first offenders, second offenders and so forth. I agree with the other sections of the administration side, especially to curb smuggling. I don't have a problem with that section. But, for individuals who use tobacco, either loose tobacco, cigarettes or cigars, that is who I'm concerned about. A lot of people travel back and forth. Those are the three main areas that I have concerns about.

I basically have no problem with the format of the bill and its contents, it is just the numbers that are being proposed in the legislation that I have a problem with.

CHAIRMAN (Mr. Whitford):

Thank you, Member for North Slave. Mr. Minister.

HON. JOHN POLLARD:

Mr. Chairman, the reason why one carton of cigarettes, tax-free, was put in the legislation is because that parallels Canada Customs and makes for efficiency. I'm told it would avoid nuisance cases, so we were trying to align ourselves. The high fines parallel other jurisdictions, British Columbia in particular. I don't make any bones about having high penalties in this bill. As I said before, Mr. Chairman, there is no point in fining someone \$20 and saying they've been a bad person. If you're going to do something like this, then you're going to have to point to a fine that is substantial and meaningful. If we're not going to take it seriously, we shouldn't be attempting to do this kind of legislation.

You've seen how serious smuggling can get in southern Canada. You've seen the effects. I don't think it's going to get to that kind of crisis state in the Northwest Territories, but I certainly think that without some penalty being there when they're caught, I'm sure people will consider the practice of smuggling. I'm not particularly keen on raising the number of cartons a person can bring into the Northwest Territories.

I think six cartons over the period of a year, six trips, one carton at a time, is a little bit more generous in the number of times than Canada Customs. I think they have four. But, certainly, the amount is the same and I think it is a reasonable amount. It is certainly a lot better, as Mr. Zoe said, than the existing legislation. If you were going to start to go to five cartons at a time, you would allow people to go out once every three months and practically bring in all the cigarettes they need for a particular period of time.

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Mr. Zoe again mentions the cultural aspect and so on and so forth. As I said, if there are cultural needs, someone can get the product from the Hay River reserve and pay absolutely no tax at all. I think that's reasonable as far as Dene who require tobacco to pursue cultural or religious activities. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. The chair recognizes the Member for North Slave, Mr. Zoe.

MR. ZOE:

That's the reason I've been raising all of these concerns, Mr. Chairman. The act defines tobacco as: a) tobacco in any form in which it is consumed and includes snuff; (b) any substance consumed in the same manner as tobacco; or (c) any substance which is substituted for tobacco. I am having some difficulties with the definition of tobacco. Any substance which is a substitute for tobacco could be considered as tobacco. If somebody considered smoking oregano, are you going to consider that and tax them? That is not in the amendment, by the way, because we wanted to take a look at the definition of tobacco and that is what is currently stated in the bill. We have having a difficult time with the definition, which isn't being amended at this time, but it is a concern that we also raised.

Mr. Chairman, I realize what the Minister is saying. Perhaps, if the committee would consider even raising that component of it where people are exempt from applying for a permit and also bringing in more than 200 cigarettes, I think the Minister could satisfy the majority of the Members in the House to get his bill through, but I don't think it is going to pass as is with the provisions that are there. I can't support it, although it is a little improvement on the existing current bill that we have in place. I can't support it in

the way the bill reads now. We have to come to some sort of compromise, although the department will still achieve their goal. When we get into details of the bill, I will move a couple of motions to that effect. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. Does the committee agree that general comments are concluded and we move into clause by clause?

SOME HON. MEMBERS:

Agreed.

---Agreed

Clause By Clause

CHAIRMAN (Mr. Whitford):

Bill 19. Clause 1.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 2.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 3.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 4.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 5. Mr. Zoe.

MR. ZOE:

Mr. Chairman, this is a significant bill that we are dealing with. I don't recognize a quorum.

CHAIRMAN (Mr. Whitford):

Attention has been brought to the chair that we don't have a quorum. I shall ring the bells. A quorum has been established. We ended up at Clause 5. Mr. Zoe.

MR. ZOE:

Mr. Chairman, as I indicated in my general comments pertaining to this bill, I have some concerns with regard to some of the sections of the bill. Section 5, Mr. Chairman, limits an individual to import cigarettes up to a maximum of 200 cigarettes before they are taxed. Anything over 200 cigarettes, they get taxed. I suggested to the Minister if that area could be raised. Rather than one carton of cigarettes be brought in, if we could raise it to perhaps five or six. I am proposing that we raise that limit to five cartons which would be equivalent to 1,000 cigarettes.

Committee Motion To Amend Clause 5 Of Bill 19,
Withdrawn

Mr. Chairman, I move that Clause 5 of Bill 19 be amended by deleting paragraph 9(c) and by substituting the following:

(c) a person who, not more than three times a year, brings with him or her into the territories, tobacco in an amount not exceeding 1,000 cigarettes, 250 cigars or 2,000 grams of any other form of tobacco;

and that Clause 5 of Bill 19 be amended by deleting subsection 5-1(2) and by substituting the following:

Section 2 - the section does not apply to a person who brings with him or her into the territories tobacco in an amount not exceeding 1,000 cigarettes, 250 cigars or 2,000 grams of any other form of tobacco.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. I will need a copy of the motion before I can go further. Thank you. In addition, the

motion will have to be translated into the respective languages. Mr. Zoe.

MR. ZOE:

Mr. Chairman, under Clause 5 of Bill 19, the paragraph that I am making reference to, I think I have erred in the typing of my motion. I will withdraw the first one and I will make another one.

---Withdrawn

CHAIRMAN (Mr. Whitford):

Mr. Zoe, it has been suggested that perhaps a short break would be appropriate at this time to sort this matter out and give you ample time to make the

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necessary corrections to your motion. We will have a short break.

---SHORT RECESS

CHAIRMAN (Mr. Whitford):

The committee will again come to order after the short break to have the motion translated into the necessary languages, Inuktitut and French. The motion was moved by Mr. Zoe. The motion is in order. To the motion. I'm sorry, Mr. Zoe, the Member for North Slave, will again read the motion.

Committee Motion 43-12(5): To Amend Clause 5 Of Bill 19, Carried

MR. ZOE:

Thank you, Mr. Chairman. I move that clause five of Bill 19 be amended by:

a) deleting proposed paragraph 5(9)(c), and by substituting the following:

c) a person who, not more than three times a year, brings with him or her into the territories, tobacco in an amount not exceeding 1000 cigarettes, 250 cigars, or 2000 grams of any other form of tobacco.

b) deleting proposed subsection 5.1(2), and by substituting the following:

2) this section does not apply to a person who brings with him or her into the territories, tobacco in an amount not exceeding 1000 cigarettes, 250 cigars, or 2000 grams of any other form of tobacco.

CHAIRMAN (Mr. Whitford):

Thank you, Member from North Slave, Mr. Zoe. The motion is in order. Mr. Zoe.

MR. ZOE:

Mr. Chairman, a number of Members raised a concern in regards to some of the clauses in the bill. I raised this one earlier on when we were in general comments. I think to compromise with the government, we're trying to support them to have this bill agreed to as amended but this motion that I have on the floor would give an individual the ability to bring five cartons into the territories, rather than one carton six times a year as proposed by the proposed legislation. What this legislation is saying is, rather than six times a year with only one carton, we allow it three times a year with five cartons. That's what the motion I have on the floor is suggesting.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. Mr. Zoe.

MR. ZOE:

I'm not finished yet, Mr. Chairman. Mr. Chairman, Members have heard comments from other Members in this House about the use of tobacco. None of my constituents go out six times a year down south and travel. If they do, I don't think they would take that many trips anyway. Most of my constituents travel maybe once or twice a year down south. The majority of them go to one pilgrimage to Alberta. This option would give the opportunity, if they wish, to purchase up to five cartons rather than one that is being proposed by the Minister. I would encourage Members to support this motion. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. To the motion. I have Mr. Arvaluk.

MR. ARVALUK:

Thank you, Mr. Chairman. I'm a bit confused here with respect to this particular section. I read that to be an incidental thing, so that in case you're down in a hospital, in case you're down to get your truck, in case you're down for a meeting somewhere in the city or in Ottawa, that you make sure you're not stupidly penalized for having a cigarette in your pocket when you're coming from another jurisdiction to the territories. But, this amendment is not incidental any

more. It is an actual measure. At one carton a week, it doesn't take five weeks to come up to the Northwest Territories. Do you need that many cigarettes en route?

The idea of the original section was not to bring in cigarettes for the purpose of smoking them in the territories, but to make sure that when you're travelling you are not out of cigarettes from point A to point B in different jurisdictions. I don't see this as in the same spirit or intent of the original section. I don't know if I'm understanding it, but I see that this has changed the whole intent of the bill. I don't know how this can be an amendment.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Arvaluk. Minister Pollard, perhaps you could clarify this. I think the Member was referring to section five. Mr. Pollard.

HON. JOHN POLLARD:

Thank you, Mr. Chairman. Mr. Arvaluk is correct. I'll go back to what I said earlier, and that is this section of the bill we have proposed where you can have one carton of cigarettes applies where you are going to the United States, or are coming from the United States or if you're coming from the United Kingdom or Europe, and I'm not too sure about Japan, Mr. Chairman. It is generally a carton of cigarettes that you're allowed to carry over an international border.

Mr. Arvaluk is correct that, in addition to us lining up with Canada Customs and whatever other customs are out there, this deals with the nuisance factor of being able to transport cigarettes and move from one jurisdiction in Canada to this jurisdiction and not be caught with cigarettes that are marked for sale in another province or territory and not being able to explain it. That's the reason. It is to comply to Canada Customs and to allow those travellers who travel around -- not excessively, but at least six times a year -- the privilege of being able to transport their own cigarettes either from here to somewhere else or, more importantly, from somewhere else to here. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Minister. I have on my list Mr. Morin and Mr. Patterson. Mr. Morin.

HON. DON MORIN:

Thank you, Mr. Chairman. With all due respect to the Member who moved this amendment, it doesn't make a lot of sense to me. I see it as defeating the purpose of the bill. If you allow people to bring in 1,000 cigarettes three times a year, that is 3,000 cigarettes. Even if a person smokes around ten cigarettes a day, that is 300 days of free smoking without paying taxes to the territorial government and that doesn't make a lot of sense to me.

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We should encourage people to pay the tax in the Northwest Territories. We should encourage our people to buy their cigarettes in the Northwest Territories. Any place else, a carton of cigarettes is a lot of cigarettes to bring back, anyway. I know that in my riding the majority of the people I represent don't have the luxury of going south either. We don't have that luxury. I know civil servants get their way south paid once a year but the majority of my people don't work for the government and they don't go south for holidays or to buy cigarettes.

This would make a loophole in this legislation and it is basically a loophole for the elite, the people who can afford to go south and the people who can afford to pay taxes in the Northwest Territories. It would make it a loophole so that they could get cigarettes cheaper. I won't support this amendment and I would encourage Members not to support this amendment.

---Applause

We all know who smokes, and I'm one of them. I smoke heavily. I'll pay the taxes in the Northwest Territories, just like all the other Members in this House should as well who smoke. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Member for Tu Nedhe. Next on my list is Mr. Patterson, Member for Iqaluit.

MR. PATTERSON:

Thank you, Mr. Chairman. I usually agree with my colleague, Mr. Zoe, on most things but I have to respectfully differ with him on this amendment today. Mr. Chairman, to me this is somewhat comparable to the exemption in the Liquor Act which allows a person travelling to take a bottle of spirits of a modest size without paying the duty. I think it's okay to be able to bring in a carton of cigarettes. To me, that analogous to a bottle of spirits.

However, when we're going into five cartons, to me that's more like smuggling and less like personal use. It's a sizeable quantity. It's more than what would fit in one's suitcase or one's carry on baggage, I would think. I also agree with Mr. Morin that this is already a privilege for those few who are privileged to travel. They are probably people who could more easily afford to pay the tax than the average constituents who don't get to go to Montreal once a year, let alone three or six times a year.

Finally, Mr. Chairman, there is a point of principle here. I believe this amendment will actually encourage people to do their shopping in the south. In fact, I think this Assembly should be encouraging people to shop in the north, even if it is for the evil weed. I think, in the spirit of buy north, we should limit the amount that could be exempted. There is something more reasonable. I think the present proposed provision is more reasonable and more appropriate to the kind of incidental use Mr. Arvaluk spoke of. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Patterson. Mr. Dent.

MR. DENT:

Thank you, Mr. Chairman. I, too, must express concern about this amendment. When you talk about bringing in five cartons of cigarettes, it is more a tax avoidance than it is making it possible for somebody who is well, travelling and incidentally happens to pick up some cigarettes. I don't think that we should be passing laws which encourage tax avoidance. The bottom line is, as I said earlier in my general comments to this bill, that the Canadian health costs for smoking average out to about \$1,500 per smoker. There is no way that, even with this tax, we will, from a heavy smoker, collect \$1,500 in an average year. I can't see how you can justify not collecting the taxes from the people who are causing such a burden on the health care system.

I think that we don't want to make it any easier for people to smoke and make it cheaper, so I have a problem with looking for loopholes or setting them up in our lives. Like Mr. Arvaluk, Mr. Morin and Mr. Patterson, I will have to oppose this amendment because I think that the spirit and intent of the bill as proposed more accurately meets the situation as I think it should be. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Dent. To the motion. Mr. Zoe.

MR. ZOE:

Mr. Chairman, I thought that, by putting forward this motion, we are trying to compromise with the concerns that were raised by a number of Members. For those reasons, I will withdraw my motion, but I would like to make a new motion.

I move that Clause 5 of Bill 19 be amended by (a) deleting proposed paragraph 5(9)(c) and by substituting the following:

(c) a person who, not more than three times a year, brings with him or her into the territories tobacco in an amount not exceeding 600 cigarettes, 150 cigars or 1,200 grams of any other form of tobacco.

and (b) deleting proposed subsection 5.1(2) and by substituting the following:

(2) this section does not apply to a person who brings with him or her into the territories tobacco in an amount not exceeding 600 cigarettes, 150 cigars or 1,200 grams of any other form of tobacco.

Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Zoe. I will need a copy of your motion, to have it properly translated. This will require a short break in order to accommodate the necessary work. Point of order, Honourable Richard Nerysoo.

Point Of Order

HON. RICHARD NERYSOO:

Thank you, Mr. Chairman. On a point of order, I do want to ask, Mr. Chairman, if the matter of a Member withdrawing a motion once debate has begun is, in fact, in order. I'm not certain that that is a practice that is normal. So, I would ask, Mr. Chairman, if you might review that particular matter and determine whether the rules do allow for the removal of a motion once debate has begun.

CHAIRMAN (Mr. Whitford):

Thank you. We have a point of order which will require some consideration. We're just reviewing the necessary section of our rules. I am unable to find the point of order that was raised by Mr. Nerysoo, in

the book of rules. I think in order to do this properly, I will confer

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with Mr. Hamilton, the Clerk, on this matter. We'll take a five minute break.

---SHORT RECESS

CHAIRMAN (Mr. Whitford):

I will call the committee back to order. When we left, there was a point of order by Mr. Nerysoo that once begun a debate on a motion, the motion could not be withdrawn. Mr. Zoe had a motion which had progressed into debate. Mr. Zoe moved to withdraw the motion and alter it. Mr. Nerysoo raised the point of order. I conferred with the Clerk on the matter and the ruling of the chair is that Mr. Nerysoo does have a point of order. The motion cannot be withdrawn arbitrarily, however, it can be withdrawn if the mover of the motion seeks unanimous consent of the committee to withdraw the motion. I think that is where it stands. So I rule that Mr. Nerysoo does have a point of order. Mr. Zoe, in order to withdraw your motion at this point in the debate, you have to seek unanimous consent of the committee to withdraw the motion. The honourable Member for North Slave, Mr. Zoe.

MR. ZOE:

Mr. Chairman, I challenge your ruling.

CHAIRMAN (Mr. Whitford):

Mr. Zoe has challenged my ruling. I shall have to rise and seek guidance from the Speaker.

---SHORT RECESS

MADAM SPEAKER:

I will call the House back to order. The honourable Member for Yellowknife South, Mr. Whitford.

CHAIRMAN (Mr. Whitford):

Thank you, Madam Speaker. Madam Speaker, while your committee was debating the Tobacco Tax Act, a motion that would amend the tax was presented by Mr. Zoe. Following some discussion of the matter in committee of the whole -- there was quite a lengthy debate on it -- Mr. Zoe moved to withdraw his amendments. The chairman received a point of order

from the Honourable Mr. Nerysoo following the decision the chair had made to allow the bill to be withdrawn. The point of order was that once the debate had begun on the amendments, that the bill could not be withdrawn.

Direction was sought from the Clerk and the legal advisor on the point of order of the Honourable Mr. Nerysoo and the ruling was that Mr. Nerysoo did have a point of order, that once the debate had begun, the amendment could not be withdrawn unless there was unanimous consent of the House. Although there is no specific rule in the rule book that stated that, the rule of general application that we follow the rules of the House would not have allowed Mr. Zoe to withdraw his motion. Therefore, the chair ruled that Mr. Nerysoo did have a point of order.

Madam Speaker, at that point, the honourable Mr. Zoe challenged the chair's ruling and I now seek your advice and direction on the matter.

MADAM SPEAKER:

Thank you, Mr. Whitford. In reviewing Beauchesne's, there are some areas that I agree are grey areas. Therefore, I would like to recess for 15 minutes to ensure time for the Clerk to review the definition. The definition is difficult to interpret, so the Clerk will review the parliamentary dictionary to get a better definition. I will bring back a ruling in 15 minutes. We will recess until then. Thank you.

---SHORT RECESS

Speaker's Ruling

MADAM SPEAKER:

I will call the House back to order. In consideration of Mr. Nerysoo's point of order, first of all, I want to indicate to Members that, in the past, there have been a number of times where amendments have been put forth when bills were being presented to this House, along with amendments to particular motions in this House, debate has been pursued, and at the last minute amendments have been withdrawn. I have considered there may have been precedence set with regard to this in the past.

However, I also recognize that never at any point has a Member called a point of order on these proceedings. Therefore, there was no need for a ruling. I feel since there has been a point of order, the chair should address the issue. Looking at Beauchesne's 696, under withdrawal of amendments,

it indicates, "After the question on an amendment has been proposed from the chair, that amendment can be withdrawn only with unanimous consent at the request of the Member who moved it."

The chair had some problems with the definition of a "question" because when we put forth a motion, and I indicate to the motion that question is being called, do we determine whether "question" as being when the motion is being called for a vote or is it the issue being put forth on the floor of the House? This is why we wanted to take a break.

In reviewing the parliamentary dictionary, "question" is interpreted as a matter which is to be or is being determined by the House, or a committee. A question may not be debated until it has been proposed from the chair, until it has been read or stated to the House or committee by the Speaker or the chairman. Generally speaking, a question is founded on a motion moved by a Member. Once an individual or a Member puts forth a motion that is considered and interpreted as a question.

Therefore, under rule 696, I have to indicate to this House that Mr. Nerysoo does have a point of order. It is only with unanimous consent at the request of the Member who moved it that we can withdraw this motion to amend Bill 19. I will place you back into committee of the whole with Mr. Whitford in the chair.

CHAIRMAN (Mr. Whitford):

The committee will now come back to order. What is your wish, Mr. Zoe? The ruling was that unanimous consent was needed by the Member proposing the amendment to withdraw this amendment. Should you not wish to withdraw the motion, the motion stands. Is that your wish, Mr. Zoe, on the record?

MR. ZOE:

The motion is still under consideration at this point in time...

CHAIRMAN (Mr. Whitford):

Mr. Zoe, do you wish to withdraw your amendment on the record?

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MR. ZOE:

I will seek unanimous consent to withdraw the amendment.

CHAIRMAN (Mr. Whitford):

Mr. Zoe is seeking unanimous consent to withdraw his motion. Are there any nays?

AN HON. MEMBER:

Nay.

CHAIRMAN (Mr. Whitford):

The chair heard a nay. The motion stands. To the motion. Mr. Koe.

MR. KOE:

Mahsi, Mr. Chairman. I would like to make an amendment to the amendment. The amendment I propose is that under part (a) we remove the word "three" and add "six." And that we change "1,000 cigarettes" to "400 cigarettes", we change "250 cigars" to "100 cigars" and "2,000 grams of any other form of tobacco" to "800 grams of any other form of tobacco."

I would like to amend section (b) with the same numbers, changing "1,000 cigarettes" to "400 cigarettes," "250 cigars" to "100 cigars" and "2,000 grams of any other form of tobacco" to "800 grams of any other form of tobacco."

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Koe. We have duly noted your changes. We shall have to take a short break in order that this be properly put down in the amendment. This shouldn't take too long. We will take a short break.

---SHORT RECESS

CHAIRMAN (Mr. Whitford):

The committee will again come back to order after the adjournment to have the amendment to the amendment properly documented and typed up. You should have the amendment to the amendment in front of you. When we took a break, Mr. Koe had proposed an amendment to the amendment and I'll ask now that Mr. Koe read those changes for the record.

Committee Motion 44-12(5): To Amend Amendment To Clause 5 Of Bill 19, Carried

MR. KOE:

The amended amendment now reads that clause 5 of Bill 19 be amended by:

a) deleting proposed paragraph 5(9)(c) and by substituting the following:

(c) a person who, not more than six times a year, brings with him or her into the territories tobacco in an amount not exceeding 400 cigarettes, 100 cigars or 800 grams of any other form of tobacco.

b) deleting proposed subsection 5.1(2) and by substituting the following:

(2) This section does not apply to a person who brings with him or her into the territories tobacco in an amount not exceeding 400 cigarettes, 100 cigars or 800 grams of any other form of tobacco.

CHAIRMAN (Mr. Whitford):

Thank you. The amendment is in order. I stand corrected, I said earlier that it was an amendment to an amendment, it was not. It is just an amendment. The motion is now in order. To the motion.

AN HON. MEMBER:

Question.

CHAIRMAN (Mr. Whitford):

Question has been called. All those in favour? All those opposed? Motion is carried.

---Carried

CHAIRMAN (Mr. Whitford):

To the motion, as amended.

AN HON. MEMBER:

Question.

CHAIRMAN (Mr. Whitford):

Question has been called. All those in favour?

MR. BALLANTYNE:

(Microphone turned off)

---Laughter

CHAIRMAN (Mr. Whitford):

Thank you. All those opposed? Motion as amended has been carried.

---Carried

Clause 5, as amended.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 6. The chair recognizes Mr. Pollard.

Committee Motion 45-12(5): To Amend Clause 6 Of Bill 19, Carried

HON. JOHN POLLARD:

Thank you, Mr. Chairman. Mr. Chairman, I move that clause 6 of Bill 19 be amended in proposed section 7.4 by striking out 200 cigarettes, 50 cigars or 400 grams and by substituting 400 cigarettes, 100 cigars or 800 grams. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Pollard. The motion is in order and it has already been translated. You should have copies. The motion is in order. To the motion.

AN HON. MEMBER:

Question.

CHAIRMAN (Mr. Whitford):

Question has been called. All those in favour? All those opposed? Motion is carried.

---Carried

CHAIRMAN (Mr. Whitford):

Clause 6, as amended.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 7.

SOME HON. MEMBERS:

Agreed.

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---Agreed

CHAIRMAN (Mr. Whitford):

Clause 8.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 9.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 10.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 11.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 12.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 13.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 14.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 15.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 16. The chair recognizes the Member for Nahendeh, Mr. Antoine.

MR. ANTOINE:

Thank you, Mr. Chairman. This section 16 talks about a collector. I don't know where to raise this issue, it is not in this act, but it has to do with people I know who use tobacco for spiritual reasons. Maybe I'll ask the Minister a question, if I may, Mr. Chairman. I don't want people who carry tobacco for spiritual reasons to feel paranoid or to be scared of police officers when they carry tobacco they use for spiritual reasons. I wonder if the Minister can tell me if they are protected and how they are protected if they travel around and carry tobacco.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Antoine. Minister Pollard, would you be requiring your witnesses? When we took a break, they also left but we never called them back. If you wish, you still may call them back to assist you. Mr. Pollard.

HON. JOHN POLLARD:

If I might, Mr. Chairman. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Pollard. Sergeant-at-Arms, will you assist Mr. Pollard in seating his witnesses? Thank you. Mr. Pollard, prior to bringing in your witnesses, there was a question raised by the Member for Nahendeh that dealt with the question of persons using tobacco for spiritual reasons and the application of section 16. Mr. Pollard.

HON. JOHN POLLARD:

Mr. Chairman, the amendments to the provisions within this act that we're proposing at this time are more liberal than the provisions that are already in the existing act. I don't believe people are being unduly harassed in the Northwest Territories at the present time for carrying tobacco. Certainly, if people are carrying tobacco purchased in the Northwest Territories in quantity, they have no fear of harassment by a peace officer. If it lays some fears to rest, I will make the statement here that it is not the intention of this government or of this act to persecute anybody in the Northwest Territories who may be carrying a large quantity of tobacco for spiritual purposes, as long as they've been purchased in the Northwest Territories or, if they've been brought into the Northwest Territories in the amounts we've just agreed upon when we amended section 5, Mr. Chairman.

I don't see anybody being harassed for having tobacco in their possession. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Minister Pollard. The chair recognizes the Member for Natilikmiot, Mr. Ningark.

MR. NINGARK:

Thank you, Mr. Chairman. Mr. Chairman, I wholeheartedly support Mr. Antoine. I will give an example here. My community of Pelly Bay is a dry community, no liquor is allowed in the community, either beer, hard liquor, or wine. But for sacramental purposes, sacramental wine, the priest is allowed to have wine in church for the purposes of mass. Thereby, the priest is not breaking the law. It should be the same thing for the native people in the area of my colleague, Mr. Antoine, to bring in tobacco for ceremonial purposes, either from the territories or

outside the territories. The precedent has been set within our own jurisdiction. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Ningark. Clause 16.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 17.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 18.

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SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 19.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 20.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 21.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 22.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 23.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 24.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Clause 25.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Bill as a whole, as amended.

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

We have agreement. Does the committee agree that Bill 19, An Act to Amend the Tobacco Tax Act, is ready for third reading, as amended?

SOME HON. MEMBERS:

Agreed.

---Agreed

CHAIRMAN (Mr. Whitford):

Bill 19 is now ready for third reading, as amended. Now, what is the wish of the committee? Mr. Dent.

MR. DENT:

Mr. Chairman, I recommend that we deal with Minister's Statement 5-12(5).

CHAIRMAN (Mr. Whitford):

Does the committee agree?

SOME HON. MEMBERS:

Agreed.

---Agreed

Minister's Statement 5-12(5): Session Business

CHAIRMAN (Mr. Whitford):

Minister's Statement 5-12(5), Session Business. Mr. Koe.

General Comments

MR. KOE:

Under sessional business, the statement made by the Premier on February 9, 1994 identified certain issues and certain tasks that the Cabinet proposed to deal with during this session. We're now at the eleventh hour and I just wanted to get some clarification as to the status of the legislation that this government was going to introduce. For example, what is the status of the Access to Information and Privacy Act, as well as the Aboriginal Custom Adoption Recognition Act and the Guardianship and Trusteeship Act?

In her statement, the Premier said that the government would be introducing legislation during this session. I would just like some clarification as to where these three particular acts are?

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Koe. The chair recognizes the Premier, Madam Cournoyea.

HON. NELLIE COURNOYEA:

Mr. Chairman, those three pieces of legislation are to be tabled when we begin the new session, either tomorrow or the next day. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Madam Premier. Mr. Koe.

MR. KOE:

Mahsi, Mr. Chairman. What's the status of privatizing the Power Corporation? Where is that document or information?

CHAIRMAN (Mr. Whitford):

Thank you, Mr. Koe. Madam Premier.

HON. NELLIE COURNOYEA:

Mr. Chairman, the discussion paper will be ready to be tabled in the new session, either tomorrow or the next day. Thank you.

CHAIRMAN (Mr. Whitford):

Thank you, Madam Premier. To the item. The chair recognizes the Member for Yellowknife Frame Lake, Mr. Dent.

MR. DENT:

Mr. Chairman, I move we report progress.

CHAIRMAN (Mr. Whitford):

We have a motion to report progress. The motion is not debatable. All those in favour of the motion? All those opposed. The motion is carried.

---Carried

I shall rise and report to the Speaker.

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MADAM SPEAKER:

I will call the House back to order. Item 19, report of committee of the whole. The honourable Member for Yellowknife South, Mr. Whitford.

ITEM 19: REPORT OF COMMITTEE OF THE WHOLE

CHAIRMAN (Mr. Whitford):

Thank you, Madam Speaker. Madam Speaker, after a fairly lengthy committee meeting, your committee has been considering Minister's Statement 62-12(5), Tabled Document 65-12(5), Bill 19 and Minister's Statement 5-12(5). We would like to report progress with four motions being adopted, with Minister's Statement 62-12(5) and Tabled Document 65-12(5) being concluded, and with Bill 19 ready for third reading, as amended. Madam Speaker, I move that the report of the committee of the whole be concurred with.

MADAM SPEAKER:

Thank you. Is there a seconder for the motion? The honourable Member for Nahendeh, Mr. Antoine. Your motion is in order. To the motion.

AN HON. MEMBER:

Question.

MADAM SPEAKER:

Question has been called. All those in favour? All those opposed? Motion is carried.

---Carried

Item 20, third reading of bills. The honourable Member for Hay River, Mr. Pollard.

SOME HON. MEMBERS:

Nay, nay.

HON. JOHN POLLARD:

Madam Speaker, I seek consent to go to third reading of Bill 19, An Act to Amend The Tobacco Tax Act. Thank you, Madam Speaker.

MADAM SPEAKER:

The honourable Member is seeking consent to proceed with Bill 19. Are there any nays? The chair heard one nay, however you need two nays. Proceed, Mr. Pollard.

ITEM 20: THIRD READING OF BILLS

Bill 19: An Act To Amend The Tobacco Tax Act

HON. JOHN POLLARD:

Thank you, Madam Speaker, Members. Madam Speaker, I move, seconded by the honourable Member from Nunakput that Bill 19, An Act to Amend the Tobacco Tax Act, be read for the third time. Thank you, Madam Speaker.

MADAM SPEAKER:

Thank you. The motion is in order. To the motion.

AN HON. MEMBER:

Question.

MADAM SPEAKER:

Question has been called. All those in favour? All those opposed? Those abstaining? Motion is carried.

---Carried

Bill 19 has had third reading. Item 20, third reading of bills. It is my understanding that the Commissioner of the Northwest Territories is prepared to assent to bills and to prorogue this session. Mr. Clerk, will you ascertain if his Honour, the Commissioner of the Northwest Territories is prepared to enter the Chamber and to assent to bills and to prorogue this session?

ASSENT TO BILLS

COMMISSIONER NORRIS:

Madam Speaker and Members of the Legislative Assembly, as Commissioner of the Northwest Territories, I hereby assent to Bill 19, An Act to Amend the Tobacco Tax Act.

Prior to proroguing this session, as Commissioner, I wish to announce that the Sixth Session of the 12th Legislative Assembly will convene on Wednesday, April 6, 1994, at 1:30 pm.

As Commissioner of the Northwest Territories, I hereby prorogue this Fifth Session of the 12th Legislative Assembly of the Northwest Territories. Madam Speaker, thank you.

---Applause

---PROROGATION