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The Honourable Tony Whitford, Speaker

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YELLOWKNIFE, NORTHWEST TERRITORIES

THURSDAY, FEBRUARY 15, 2001

Members Present

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

ITEM 1: PRAYER

-- Prayer

SPEAKER (Hon. Tony Whitford): Good afternoon. The first item of business is the budget address. I call upon the honourable Minister responsible for Finance, the Honourable Joe Handley.

ITEM 2: BUDGET ADDRESS

HON. JOE HANDLEY: Thank you, Mr. Speaker. If I can, I would just like to make a couple of comments. First of all, it is a tradition that the Minister of Finance wears new shoes as he makes the budget address. I just want to point out that I have chosen a particular kind of footwear for mine. These are work boots, because I think a lot of our efforts over the next year have to be aimed at employment, getting people ready for employment and ensuring people have jobs.

I also want to point out that the boots are made in Canada. That is important. We want Canada's help, we need Canada's help and we support Canada's manufacturing industry.

-- Applause

They are Kodiak boots. They have the same sort of motto as we do. We build our reputation on quality.

-- Laughter

They have steel toes. Stepping on my toes will not hurt.

-- Laughter

They are also electric-shock resistant and I think, particularly as we look at our hydro potential, it is important that I have these on as we inspect various sites.

Today, I am also wearing a yellow rose. Yellow signifies the east. It is the colour of the rising sun and we certainly will have our day. It is also the official flower of Texas, and I sincerely believe that we are going to be the Texas of the North soon.

-- Applause

Mr. Speaker, I am going to talk today about the bright future that lies before us as residents of the Northwest Territories. I am going to describe our tremendous economic potential. I am going to speak about what we as Northerners must do to realize this potential -- not just for ourselves, but more importantly for our children and grandchildren.

This Legislature includes in its vision of a better tomorrow "self-reliant, healthy, well educated individuals, families and communities doing their part in improving the quality of their lives." To achieve this, Northerners need meaningful, long-term employment and business opportunities. Governments need revenues to finance the education, health care and other key programs vital to our quality of life. To achieve this, we need a vibrant northern economy.

This government's first budget, as I noted last June, was the first step in achieving this Legislature's vision of a prosperous future for the Northwest Territories. As we promised, we used our first year in office to finalize our strategies and to determine how they could be financed. We also listened to the suggestions and concerns of the Members of this Assembly.

As we enter the second year of our mandate, we know what needs to be done:

- We need to match every Northerner who wants to work with a job that uses his or her skills. There will be plenty of jobs over the next decade. We need to ensure that Northerners can fill these jobs;
- We need to start our children off in life on the right foot. We need to see they get every opportunity to lead fulfilling and productive lives;
- We need to work together with aboriginal governments, the federal government and with industry to ensure our future prosperity;
- We need to take control of and develop our resources. We need to invest in our economy and infrastructure. We need to create business and employment opportunities for Northerners, while being mindful of the need to protect our environment; and
- We need to invest today in a better tomorrow.

Our Premier, the Honourable Stephen Kakfwi, laid out the vision in his address in January. This budget sets out how it will be implemented.

We will use all the resources at our disposal to achieve our vision. I am very pleased to be able to announce that our fiscal situation is brighter than we expected at this time last year. However, we do not have the fiscal resources to do everything that needs to be done. Some initiatives cannot proceed without support from the federal government. Until non-renewable resource revenues are transferred from the federal government to northern governments, there will continue to be a gap between what needs to be done and our ability to do it.

Economic Review And Outlook

Mr. Speaker, we are a territory rich in natural resources. Whether it is oil and natural gas, diamonds and other minerals, hydro potential, or the sheer natural beauty of our northern wilderness, I believe every region of the Northwest Territories has the potential to develop a strong economic base.

The Northwest Territories' Mackenzie Delta-Beaufort Sea region holds immense reserves of natural gas -- approximately 56 trillion cubic feet. At current prices, the region's estimated reserves could generate over \$400 billion in revenue. Over the last two years, petroleum companies have bid approximately \$650 million for Crown exploration licences in the region and an additional \$76 million in the form of bid bonuses for Inuvialuit subsurface lands. Petro-Canada plans to drill an exploratory well in the region this month, following up the seismic program they conducted last winter. This will be the first well targeting natural gas to be drilled in the region. Other natural gas related activity in the region is in the form of seismic work -- six different companies are already engaged in this work this winter. It is expected that petroleum companies will spend over \$80 million in the Beaufort Delta this winter, and employ approximately 400 people.

The current energy situation in Canada and the United States overwhelmingly demonstrates the need for a Mackenzie Valley pipeline. The demand for natural gas is increasing in North America as the current supply is decreasing. The Mackenzie Valley pipeline is clearly in the interests of southern consumers, residents of the Northwest Territories, and the country as a whole.

The pipeline would cross several regions of the Northwest Territories, from the Mackenzie Delta, through the Sahtu and Deh Cho and into the northern Alberta pipeline system. Construction of this pipeline will create an estimated 6,000 person-years of employment in the Northwest Territories during the three year construction phase. A standalone Mackenzie Valley pipeline could generate an additional \$600 million in economic activity for the territory, creating enormous opportunities for northern businesses.

This year we provided \$500,000 to the Aboriginal Pipeline Group to prepare a business plan for aboriginal equity participation in a pipeline. We will continue to support the Aboriginal Pipeline Group in its work on building business partnerships with industry to maximize the benefits of a Mackenzie Valley pipeline.

In addition to the potential for Mackenzie Valley pipeline development, the Sahtu region continues to experience substantial oil and gas activity. Oil production and drilling in the Norman Wells area continues. In addition, just last year, almost \$60 million was bid for exploration licenses in the Central

Mackenzie Valley. These funds should be spent in the area over the next four to five years.

In the Deh Cho, natural gas production continues in the Fort Liard area from five different wells. Later this year, a sixth producing natural gas well will be added. The search for resources in the area is still under way. In January of this year, work was being conducted on five different well sites. Estimates indicate that there is another 4 trillion cubic feet of gas to be found in the Deh Cho region. Production statistics show the region produced an average of 105 million cubic feet a day of natural gas last November. Using current prices, production is valued at approximately \$770,000 per day.

Over the last year, industry has raised concerns about the regulatory environment in the Northwest Territories. The Government of the Northwest Territories has been encouraging regulatory bodies with jurisdiction in the Northwest Territories to address these concerns.

These agencies have met to lay the groundwork for a co-ordinated regulatory approach in the Mackenzie Valley. This could include joint assessment or co-ordination of the regulatory processes under the Inuvialuit Final Agreement, the Mackenzie Valley Resource Management Act and the National Energy Board. We will continue to encourage these boards and agencies to put in place a fair, predictable and efficient regulatory process.

Many Northerners may be wondering what lies in store for our economy given the uncertain economic conditions currently prevailing in Canada and the United States. In the short term, we do not expect to see any slowdown in the energy sectors, given the present demand and high prices, for all forms of energy throughout North America. The long-term outlook for the North's resources remains strong. Nevertheless, we must remain vigilant in monitoring economic conditions and their implications both for the Northwest Territories economy as a whole, and for the government's fiscal situation.

The Northwest Territories is in a position that is unique in Canada, and perhaps the world. We are beginning to experience significant new economic development opportunities while continuing to enjoy clean water, air and land, and abundant wildlife and fish. The right balance is urgently required as we continue to develop our economy. As we all know, the natural environment is a critical component of Northerners' cultural, social and economic identity. While the Government of the Northwest Territories is committed to renewable and non-renewable resource development, all development must be sustainable and satisfy certain key conditions. It must contribute to the long-term development of the northern economy, its benefits must accrue to the Northwest Territories, it must meet environmental standards, it must include local decision making, and it must be accompanied by appropriate environmental mitigation and monitoring measures.

As we have known for years, the North Slave region is clearly destined to become a producer of high quality diamonds rivalling the world's finest. The BHP mine has produced diamonds for over two years, with the value of 1999 production reaching almost \$600 million. Diavik expects to spend approximately \$500 million in 2001 to construct its Lac de Gras mine and anticipates production in 2003. Earlier this month, DeBeers Canada confirmed its intention to develop Canada's

first underground diamond mine at Snap Lake and has begun the environmental review process. Full production is anticipated in 2004. In five years, diamond mining in the Northwest Territories will employ approximately 1400 people and will be producing \$2.2 billion worth of diamonds annually.

Furthermore, we do not just mine diamonds in the Northwest Territories. We cut and polish them as well. Three cutting and polishing plants already exist. Following negotiations with Diavik, Aber and DeBeers, we anticipate an even greater diamond polishing capacity. We are confident that future discussion with our industry partners will result in continued growth in this sector. It is very likely that at least two more plants will be established in future years, which could raise employment in this field to 300 or more.

The Northwest Territories' potential to generate hydro-electricity is immense. The Taltson River, in the South Slave region, could produce an additional 200 megawatts and the Upper Snare could provide 20 megawatts of environmentally friendly power. We estimate that, using run of the river technology, the Bear River, in the Sahtu, has a potential to produce 800 megawatts, and the Mackenzie River, 2500 megawatts, all without flooding. As North America continues to identify the need for new energy sources, this places the Northwest Territories in a very promising position.

All regions have the potential to benefit from the growth of the tourism sector in the Northwest Territories. About \$11 million is generated by the northern lights tourism business in Yellowknife alone. Globally, tourism is one of the fastest growing industries, and one in which the Northwest Territories has not come close to achieving its potential.

I do not want to understate the importance of the traditional economy to the residents of the Northwest Territories. This sector plays an important role in augmenting employment and income in our small communities. In a report about to be published by the Department of Resources, Wildlife and Economic Development, the economic value of our traditional economy -- trapping, hunting and subsistence fishing -- is estimated to be from one-third to one-half of the economic value of all renewable resource activities. The traditional economy is also responsible for substantial social and cultural benefits, and these make important contributions to community well-being.

Mr. Speaker, the economic opportunities in the territory are impressive, and they occur in all regions of the Northwest Territories. I can say with all conviction that our economic future has never looked brighter, but we need to acquire our fair share of resource revenues for reinvestment in people, infrastructure and economic diversification.

Fiscal Review and Outlook

Our short-term fiscal position is significantly improved over last year's forecast. We ended the 1999-2000 fiscal year with a \$17 million operating deficit, very close to the \$18 million deficit budgeted for that year. Our overall debt position was well within our borrowing limits and financing capacity. Later this session, I will be tabling the detailed 1999-2000 Public Accounts.

Our 2000-2001 outlook is much brighter than was forecast in the budget last June. We started the year with the expectation of a \$13 million operating deficit. Mr. Speaker, the current forecast for 2000-2001 calls for a \$23 million operating surplus.

This turnaround is directly attributable to our successful efforts to constrain spending, coupled with a much more positive revenue picture:

- Increased economic activity, particularly from diamond mine construction and oil and gas exploration, has increased our forecast tax revenues;
- Stronger population growth and higher provincial government spending have resulted in a general improvement in the performance of our financing formula with Canada; and
- Finally, we have benefited from a large, fortuitous one-time increase in corporate tax collections. After the offset to the Formula Financing Grant, this higher tax revenue alone will result in a one-time net increase in our 2000-2001 revenues of \$18 million.

The improved outlook for 2000-2001 means we will see our overall accumulated surplus, on a tangible capital asset basis, rise to \$864 million by the end of the year. Our capital investment represents \$859 million of this. The government's own debt will drop to just over \$12 million, while the consolidated government will have \$190 million of debt outstanding, the majority of which is financed from the revenues of the NWT Power Corporation.

2001-2002 Fiscal Outlook

The positive revenue developments of this year will partially carry over to 2001-2002 and allow us to make some modest but critical new investments. Even with a projected \$34 million increase in spending for 2001-2002, we anticipate we will still be able to achieve a small operating surplus of around \$2 million. On the revenue side, the picture is brighter for several reasons. A higher grant from Canada and higher own source revenues reflect our stronger economic outlook and higher population growth.

On the expenditure side, the coming fiscal year will see a significant increase in our capital investments as we begin work to replace the Inuvik Hospital and build the North Slave Correctional Centre. This will translate into a \$61 million increase in capital assets.

The debt level of the government itself will return to about \$74 million by the end of the fiscal year, the point at which our short-term borrowings are at their highest. With the addition of the debt of government corporations, our consolidated debt will rise to \$251 million.

Fiscal Strategy

Mr. Speaker, the best way to control our future is to create it. We as Northerners have a vision of a territory providing economic growth and opportunity; stable, meaningful jobs; a sound environment and high quality public services supporting healthy lifestyles. The means to achieve this vision are within our reach.

We have been fortunate this year because our revenue windfall pushes the debt wall back. This year's surplus gives us the opportunity to make some critical investments: in advancing northern employment, in addressing social issues, in badly needed infrastructure, and in business and economic development.

However, the Government of the Northwest Territories does not want to rely on luck to make the investments to see our northern economy grow and our people prosper. Nor do we want to continually depend on the federal government for the majority of our revenues. Especially not when we live in a territory endowed with such great natural wealth.

With three producing diamond mines, the Mackenzie Valley pipeline, and other oil and gas developments, this territory will generate at least \$200 million in royalties annually by the end of the decade, in addition to the taxes generated from development. There is no reason why the transfer of federal resource revenues to northern governments should be delayed. In fact, there are many reasons why it should happen quickly. Already, major resource developments are producing, or soon will produce, substantial revenue for the federal government.

Northern governments need this revenue to ensure our residents have the skills to take advantage of the opportunities created by development. Northern governments need this revenue to build the infrastructure required to cope with the impact of development and to encourage further resource development. Northern governments need this revenue to protect the environment while we develop the resources. In short, we need these resources to control our future.

We understand that the future of the North includes a change in the structure of government for territorial residents. We need to make progress on finalizing aboriginal self-government agreements. We want the process to be an example to governments everywhere on how to design structures that effectively allow aboriginal people to control their own destinies. All northern governments, however, will need adequate financial resources to deliver programs and services and to make the investments we know are needed. We require devolution of lands and resources including the transfer of a fair share of non-renewable resource revenues.

We are beyond the stage of discussing whether devolution should happen and are on the way to discussing how and when it should happen. A year ago in this Assembly, the Honourable Robert Nault, Minister of Indian Affairs and Northern Development, committed to fast tracking devolution. Last December, Aboriginal Summit leaders met with the Premier, the Minister of Aboriginal Affairs, the Honourable Jim Antoine, and myself. The majority of leaders agreed to begin a formal process to determine how the transfer of authority over lands and resources will devolve to the appropriate territorial and aboriginal governments. We have commitment from all three parties. Devolution will happen.

We have the Intergovernmental Forum's support to develop proposals for devolution and resource revenue sharing. At this time, I am pleased to reaffirm this government's support for the Intergovernmental Forum process. This budget includes \$330,000 to facilitate the participation of the Aboriginal Summit in the process.

Given our economic outlook and with control of resource revenues, our long-term fiscal outlook is bright. In the meantime, we will continue to press the federal government to make strategic investments. However, we must also bridge the gap between our present needs and our future potential.

There are many millions of dollars of investment required to ensure that Northerners receive the maximum benefit from the development of our resources. For example, our Non-Renewable Resource Development Strategy identified the need for investments in training, in infrastructure, in business development, in social mitigation and in protecting the environment. These investments must be made now. It makes good financial sense to make them now, since the payback, in terms of economic growth and social benefits, will be substantial. Therefore, we will, as necessary, borrow at reasonable and fiscally sustainable levels, to finance these investments.

Currently, the Government of the Northwest Territories has an authorized borrowing limit of \$300 million. We are reviewing our borrowing capacity with the federal government as an interim measure until the devolution of resource management is complete. We believe that our economic and fiscal outlook justifies a review of this limit.

Our vision depends on working together with aboriginal, business, and community leadership. Together we can create our future.

Investments in a Better Tomorrow

Mr. Speaker, in his address last month, the Premier outlined how we are going to achieve the vision described by this Legislature in *Towards a Better Tomorrow*. I am very pleased to be able to provide specifics about the investments we intend to make in the coming fiscal year.

We are prepared to make investments. We are prepared to be bold. We expect results and will be monitoring those results. But I want to reiterate the challenge Premier Kakwi made last month. In making these investments, we need and expect Northerners to work with us. We expect individuals to become trained, to become educated and to seek out the jobs that will become available. We expect businesses to become competitive, and to look to the growing economy for opportunity. We must all work together.

Maximizing Northern Employment

Last fall, our government established Maximizing Northern Employment as one of its priorities. Simply put, it is our belief that all Northerners should be able to compete for and obtain all jobs offered by the public and private sector throughout the Northwest Territories. We believe, based on the concerns we have heard in this House, that Members share this goal.

Maximizing Northern Employment is a long-term commitment. We must plan our actions carefully in close cooperation with Members of this Assembly and with employers and workers across the Northwest Territories. While our plans in this area will be shared with this House over the next few months, to indicate our commitment, this government is committed to invest up to \$5 million per year in support of this priority. We will be returning to this House with the detailed plans and

proposed allocations as part of supplementary estimates later in the year.

In terms of action, our first priorities are as follows:

First, students at the high school level will have more opportunities to prepare for northern careers in the trades, technologies and professions. We continue to stress the importance of completing high school. However, we also recognize the importance of providing "hands on" experience to those students who want to begin building their careers as early as possible. We intend to expand the School North Apprenticeship Program and develop opportunities that combine work and schooling. We expect to implement this initiative in the next school year.

Second, we want to be sure that Northerners are matched with available jobs. In cooperation with industry, and building upon our recent experience supporting employment in Fort Liard and the Beaufort Delta, we plan to increase the availability of information on employment in all communities. To do this, we will post information on available jobs, and in close cooperation with community and regional organizations, actively match and refer work candidates to available positions. Our plans in this area will be fully developed by March 31 of this year.

Third, we must place a renewed emphasis on bringing post-secondary graduates into our northern public service. Our Premier announced this government's commitments in January. In support of these commitments we will:

- Provide job opportunities for all northern graduates of recognized teacher education, nursing and social work programs. Discussions with education councils and health and social service boards are already underway and the policies to guide this action will be in place by the end of this fiscal year;
- Hire post-secondary graduates, particularly those in priority occupations, such as engineering and other applied sciences, accounting, computer sciences and management, into the public service following their graduation. We are developing a program that will establish "intern positions" of one year in length, which will provide recent graduates with valuable job experience in a Government of the Northwest Territories department. During his or her year of service, an intern will be expected to carry out assigned tasks, but will also receive selected skill development in areas such as financial management, managerial skills and basic labour relations. Detailed plans for this new program are being developed at this time and will be finalized by the end of March; and

- Further, we want to ensure that summer work placements and cooperative work opportunities for students are meaningful and support the development of future public servants. To assist students in obtaining positions with the Government of the Northwest Territories this year, all departments are now preparing listings of the positions that will be available for the summer months. This listing will be made available to students so that they can identify potential jobs that match their skills and interests. We are launching a website where students can post their resumes for the consideration of any employer.

Mr. Speaker, we recognize that we have a dedicated and hard working public service -- a public service that has had to deal with extensive challenges over the past several years from downsizing to division. Our staff have met those challenges while continuing to provide a high level of service to the public.

We need to support our public servants in meeting the challenges that lie ahead. Part of this support must be fair compensation. I was very pleased with the strong support for the recent collective agreement with most of our unionized workers. This budget includes over \$13 million related to the implementation of that agreement and extension of similar increases to non-unionized groups.

In addition to fair compensation, our staff need to know that they are respected. To this end, together with the Union of Northern Workers and the Northwest Territories Teachers' Association, we jointly developed and implemented a new Conflict Resolution Policy. We must also ensure that the public respects and has confidence in the public service. To address this need we have, after extensive consultation with employees and the union, developed a Code of Conduct. This code will help ensure the public is aware of the high standards of conduct and integrity that public servants bring to their job.

Finally, it is important to recognize that the Government of the Northwest Territories is only one of many partners in the effort to increase northern employment. Business and industry have a major role to play as do educational institutions and aboriginal governments. We will be examining our policies to ensure that they support increasing employment. We will be actively promoting, and will be asking our partners to join us in promoting, the importance of northern employment.

Northwest Territories Literacy Strategy

Mr. Speaker, I cannot overstate the importance of literacy for the North. Over the past decade we have made excellent strides in increasing literacy rates. Now, more than ever before, youth and adults across this territory have the skills and abilities they need to fully participate in the social, economic and political development of the Northwest Territories.

However, even with this success, we still face a serious challenge. We still need to emphasize the importance of literacy and to ensure that all Northerners with literacy needs have access to programs and services that strengthen their

skills. Last June, Members of this Assembly called for the development of a strategy to increase literacy levels in every community in the Northwest Territories. We agree. Later this session, the Honourable Jake Ootes, Minister of Education, Culture and Employment, will be tabling the Literacy Strategy in this House and providing further details. This budget provides the funding to implement the strategy, including:

- \$700,000 to deliver community-level literacy programs;
- \$400,000 to establish workplace literacy programs;
- \$300,000 for aboriginal language literacy courses;
- \$300,000 to extend library services to 15 smaller communities; and
- \$300,000 to deliver specialized programs or services to persons with disabilities, to seniors, and to those in correctional institutions; to monitor and report; and to promote the use of plain language within government.

This initiative to improve the literacy levels of Northerners is fundamental to achieving many of this government's key priorities and is essential to our future success.

Social Agenda

Jobs are important, but they are only part of what we need to achieve our vision. We must address the needs of our most vulnerable citizens -- children, elders, those with disabilities and those who are disadvantaged. We recognize that a vibrant economy and job opportunities are of little value unless we address the problems faced by many people -- drug and alcohol abuse, family violence, FAE/FAS, and various other addictions. I want to emphasize some of our government's main priorities.

Early Childhood Development Action Plan

Our children are our future. If we are to realize the true potential of the many economic and other opportunities before us, we must have a healthy, well-educated population, ready to take advantage of all that the future has to offer. Recognizing that our capacity to learn and grow is significantly influenced by our experiences in early childhood, we are committed to improving programs and services to our youngest residents. We want all children in the Northwest Territories to be born healthy and to have every opportunity to reach their full potential. This Assembly has identified Early Childhood Development as a priority. We have responded to this challenge and are prepared to implement an Early Childhood Development Action Plan. We are committing \$2 million per year for the next three years to this action plan.

Our investment in early childhood development will have four major streams:

- Healthy pregnancies and healthy babies – with a significant focus on

FAS/FAE prevention and early intervention and remediation;

- Healthy parenting – with special supports for young parents and “at risk” families;
- Early childhood care and learning opportunities – ensuring that children arrive at school “ready to learn”; and
- Stronger community supports – through integrated planning and program delivery for more effective early childhood development at the community level.

Most communities already have access to some type of support for early childhood activities. The federal government, aboriginal governments, parents, private entrepreneurs and the Government of the Northwest Territories all play significant roles in providing services. However, the current funding and delivery mechanisms are fragmented and not coordinated as well as they could be. We plan to strengthen coordination between funding bodies and build on successful community programs wherever possible. Our goal is to ensure that every child has access to an effective, integrated early childhood development program in his or her community, and that all children arrive at their first day of school, healthy and ready to learn.

Our attention to early childhood development is clearly focused on the long term. It will take a number of years to move from our current, fragmented patchwork of programs to a strong, truly integrated and effective early childhood development approach in all communities. However, we know that successful early childhood development will lead to healthy, educated and productive adult citizens. This in turn will lead to healthier children in the future. If we truly believe that our people are our strongest resource, we must make these investments in our youngest residents.

Investments in Education

Last year this government committed to increasing funding to ensure schools can reduce the pupil-teacher ratio as well as enhance special needs instruction. This budget includes \$4.5 million in additional funding for education councils to address current enrolments and high fuel costs, and to allow us to meet the requirements of the Education Act with respect to reducing the pupil-teacher ratio and increasing funding for special needs instruction.

Investments in Health Care

Mr. Speaker, it is common knowledge that governments in Canada today are facing increasing challenges in providing health care. Rising costs of technology and pharmaceuticals, shortages of health care providers, and an aging population with increasing needs for health care all contribute to the strain on the health care system. Almost one quarter of our operating budget, or \$183 million, has been allocated to the Department of Health and Social Services. Of this, three quarters, or \$136 million, goes directly to the health and social services boards for the delivery of services. The 2001-2002 budget includes increased expenditures on health care of \$17 million to address

these growing needs. Five million dollars has been allocated simply to keep pace with growing demands, including: the need to provide competitive compensation for physicians, the cost of medical travel, and the cost for providing care in southern institutions. We have also set aside a \$6 million reserve in this budget to fund further increases to forced growth expected to occur within the health and social services system in 2001-2002.

This budget also invests over \$6 million in a number of critical areas:

- We will invest \$2.8 million to improve the primary care model by stabilizing the physician workforce in Yellowknife;
- We have allocated \$1.5 million to negotiate the extension of the nurses market supplement for one more year while it is being evaluated -- as the Standing Committee on Social Programs has observed, we need to be competitive to attract and keep qualified staff;
- We have allocated \$1.2 million to improve child protection and family support services through the addition of extra staff and training -- another critical area flagged by the standing committee; and
- Finally, we are investing over \$200,000 to provide expanded telehealth access and have committed \$280,000 to fund the Stanley Isaiah Adult Disabled Group Home in Fort Simpson.

The Northwest Territories will also benefit from new federal funding commitments through the Canada Health and Social Transfer which were announced at the First Ministers' meeting in September, including new targeted funding for primary care, early childhood development and medical equipment.

Mr. Speaker, we are facing ever-growing demands on our limited resources to provide basic health care services to the residents of the Northwest Territories. We find ourselves, however, in the unfortunate position of subsidizing the delivery of the federal government's responsibility to status Indian and Inuit residents for non-insured health care benefits. The Government of the Northwest Territories currently delivers this program, under contract, on behalf of Health Canada. Since taking on this function, however, we have been unable to recover our full costs from the federal government. We estimate that, for 2001-2002, we would be reimbursed only \$5 million of the \$6 million we would spend. We have given notice to the federal government that, unless an acceptable administrative agreement can be reached to address our concerns, effective April 1, 2001, this government will no longer deliver the Non-Insured Health Benefit (NIHB) program on their behalf. Some progress has been made in recent negotiations between Health Canada and the Department of Health and Social Services; however, an agreement has not yet been reached.

A return of administration of the NIHB program will not represent a cut in benefits to Northwest Territories status Indian and Inuit. The benefits will be maintained, but the program will be administered by a different party. We will work with Health Canada to ensure there is no interruption in services to clients.

We recognize that the demands on our health care system are pressing. We have received a number of recommendations for changes and improvements to the health and social services system over the past few years. We agree that change is needed. However, we still need to address gaps in our existing analysis, and map out an action plan.

The Minister of Health and Social Services, the Honourable Jane Groenewegen, has commissioned the development of such an action plan, to be completed by the end of June. We expect to receive practical recommendations to improve the efficiency and effectiveness of the health and social services system, and to address issues of sustainability and quality of care. With a birth rate twice the national average, and an aging population, we have a responsibility to ensure that our health and social services system delivers the best services possible within the funding available.

Young Offenders Facilities

Mr. Speaker, our young people who have run into difficulty with the law need every opportunity to get their lives back on track. We want to ensure the facilities are there to provide the help they need. The Department of Justice is planning for the opening of two new young offenders facilities a year from now - a facility for males in Yellowknife and a facility for females in Inuvik. However, staffing and training must begin well in advance of opening. This budget includes \$2.9 million for the coming fiscal year, to allow these projects to be fully operational in a year. Ongoing operating costs for these facilities will total \$2.7 million annually.

Housing for Seniors

We must not forget the most vulnerable of our citizens, especially our elders. The 2000 Housing Needs Survey, tabled last March by the Honourable Roger Allen, Minister responsible for the NWT Housing Corporation, identified that one-third of our seniors are in need of more suitable housing. In response, the Northwest Territories Housing Corporation directed some of its capital resources to address the greater need for housing for our seniors. Also, through consultation with the communities, the Northwest Territories Housing Corporation developed a Seniors Housing Strategy. As part of that strategy, this budget includes \$560,000 to fund the operation of 37 new seniors housing units.

Income Support

As our economy continues to improve, and as Northerners gain access to jobs in their communities, the costs of our Income Support Program can be expected to decrease. However, as we have heard from the Standing Committee on Social Programs, Northerners with the greatest needs must continue to be supported by this government. To this end, the Income Support Program will be increasing the food scales by \$500,000 to allow for increases in the cost of living. As well, the allowance for disabled Northerners receiving income support will be raised by \$50, from \$175 to \$225 per month, to cover additional costs that disabled Northerners face in their daily lives.

Relief for High Fuel Costs

We realize Northerners have been hard hit by rising fuel prices. The rapid increase in prices has placed an additional burden on residents, particularly homeowners, business operators and hunters and trappers. Members of the Assembly have effectively expressed their concerns. This government already is providing help to many -- through our social housing and income support programs and through our power subsidy programs for residents and businesses. These programs will continue. In fact, this budget includes almost \$1 million in additional funding to the Housing Corporation to pay the increased fuel costs for public housing and \$1 million to maintain the Power Subsidy Program.

We recognize, however, that there are many at low to moderate income levels who need help to offset the high cost of fuel. In response to concerns raised by Members, I am announcing today that we will provide a one-time fuel rebate of \$320 to eligible households who directly purchase home heating fuel and \$150 per household to renters living in eligible apartments. Eligibility for the rebates will be determined by an income test.

These rebates will be paid in this fiscal year, so households can receive the assistance before the end of March. We estimate this program will cost \$1.3 million in 2000-2001.

While employment opportunities are improving in many remote communities, the economy of most is closely tied to traditional harvesting. Individual trappers make modest livings, and have been adversely affected by rising fuel costs. In recognition of this, we will be providing a one-time payment of \$150 to each trapper who harvested at least \$500 worth of fur in either of the last two trapping seasons. This investment will cost an estimated \$62,000.

We realize, of course, that there are other harvesters, such as fishermen, who may have been heavily impacted by rising fuel prices. We will be monitoring this impact and will be developing strategies to assist those most severely affected.

A number of Members have raised the issue of rising fuel costs and the impact on government. We recognize that higher fuel prices have increased the operating expenses of the community governments in the Northwest Territories. These additional costs are significant enough that they cannot be absorbed by local governments and will be passed on to residents unless the Government of the Northwest Territories can offer assistance. We will provide additional funding to community governments of \$230,000 in 2000-2001 and \$434,000 in 2001-2002.

Mr. Speaker, this government does not have the resources to shield all residents from the full effects of fuel price increases, nor do we have the ability to sustain the support we are providing on a long-term basis. It is up to all residents and businesses to reduce the amount of fuel we use by becoming more energy efficient. To this end, we will be exploring ways of promoting efficiencies in fuel consumption throughout the government and the private sector. In conjunction with the Arctic Energy Alliance, our goal is to increase the understanding of energy related issues and promote conservation.

Support to Communities

In addition to support to cope with increased fuel costs, this government is increasing the annual funding allocated to communities by almost \$1 million in 2001-2002. We recognize that, as part of this government's initiative to rationalize the method by which community governments are funded, communities will need a period of time to adjust to the new approach. The new method of allocating funding is based on a fair and equitable formula, making the entire process easier to understand.

A Healthy and Diversified Economy

Mr. Speaker, if we want to ensure a prosperous future for the Northwest Territories, if we want to create a climate of growth and development, if we want to leave our children a legacy of fulfilling and meaningful work, we need to make investments in our economy now.

It is not a question of deciding what our path should be. We have spent the past year mapping our route. We know the path we need to take.

- In June last year, we received the report of the Economic Strategy Panel -- Common Ground -- which gave us a long-term, comprehensive economic strategy. Common Ground was the work of 17 Northerners from all regions of the Northwest Territories who represented aboriginal organizations, business, industry, and environmental and social organizations. The recommendations in the report reflect a wide variety of interests and provide a balanced approach to moving the Northwest Territories economy toward self-sufficiency;
- Building on Common Ground, the Government of the Northwest Territories' Non-Renewable Resource Development Strategy provides a short-term road map identifying the investments needed to maximize the benefits of northern development for both Northerners and Canada, and identifies the federal commitment needed to achieve these benefits. The greater the federal investment in the strategy, the more we can do and the sooner we can do it; and
- In November, we received the Report on Electrical Power Generation, Distribution and Regulation that outlines the exciting opportunities for hydro power generation in the Northwest Territories.

We know what needs to be done. We intend to do what is achievable with the resources available to us. In December, I released *Securing Our Future*, the government's comprehensive response to Common Ground. This budget

responds to many of the issues raised in the Economic Strategy Panel's report. Many of the action items contained in the government's response require a collaborative approach with the federal and aboriginal governments. We will continue to look to the federal government to fund its share of the investments needed in the North today.

Let me now turn to what we plan to do this year in this area.

Transportation Investments

Mr. Speaker, the lack of transportation infrastructure in the Northwest Territories is impeding our economic growth. This fact has been consistently noted in the Fraser Institute's survey of the mining industry, and was highlighted in our own Non-Renewable Resource Development Strategy and in Common Ground. It has also been a major concern expressed by many, if not all, of the Members of this Assembly. The Standing Committee on Governance and Economic Development noted that limited funding is impairing our ability to repair, maintain and expand our transportation system to meet current and future demands.

I am pleased, therefore, to announce major transportation initiatives this government intends to begin in the coming year. The Department of Transportation has been working for the past two years on a highway strategy initiative. The report Investing in Roads for People and the Economy was tabled by the Honourable Vince Steen, Minister of Transportation, in this Legislature last November. The report lists the next steps to be taken. One of these steps is to improve the existing highway system so that it can cope with the ever-increasing demands being placed on it by development.

We must make investments now. I am announcing today that, over the next four years, this government will be investing an additional \$100 million in the existing highway system, over and above the current capital plan. We will begin with an additional \$11 million in the coming fiscal year. Over the next four years, investments will be made on Highways No. 1, No. 3, No. 4, No. 5, No. 6, No. 7, and No. 8. At the end of the four-year period, the highway between Rae and Yellowknife will be reconstructed and paved; significant reconstruction will be completed on the Mackenzie Highway, the Dempster Highway, the Ingraham Trail, and the Liard Highway; and the highways to Fort Smith and Fort Resolution will be paved.

-- Applause

We will likely have to borrow a significant portion of the additional \$100 million to finance these highway investments. I do not think there are many people in the Northwest Territories who would argue against investing in our highways to improve public safety and promote economic development. However, many may ask how we will pay the interest costs and repay the debt, given our limited fiscal resources.

We are proposing, therefore, the introduction of a highway user toll on commercial trucking in the Northwest Territories. We estimate that, when fully implemented, such a toll could generate up to \$15 million annually. We propose that the revenues generated from the toll would go into a dedicated highway trust fund, and would be used to finance the borrowing costs.

We recognize that a highway user toll will result in higher costs for consumers. In order to reduce the negative impact of the toll

on Northwest Territories consumers, we are proposing that the cost of living tax credit be increased.

We will be announcing the details of the proposed road toll and tax credit changes by May. We intend to introduce the necessary legislation to implement these measures during the June session of this Assembly.

Winter roads are also an integral part of the northern transportation system and need additional investment to cope with increased resource activity.

The Mackenzie Valley winter road bridges acceleration program, announced last November, is funded jointly by this government and the federal Department of Indian Affairs and Northern Development. We have allocated almost \$2 million to this project in the current fiscal year, and have included an additional \$700,000 in this budget for 2001-2002. This project, which has already resulted in the completion of permanent river crossings along the Mackenzie Highway's winter road extension north of Wrigley, is an example of the types of investment needed and of the collaborative approach needed among governments -- federal, territorial and aboriginal governments and industry. We will continue to identify projects and programs where federal investment is called for.

This budget also includes the continued operation of the winter road between Colville Lake and Fort Good Hope, supporting the emerging gas development activities in the region.

Airports are a lifeline to northern communities. This budget proposes to invest in critical airport needs throughout the Territory. Over \$11 million will be spent on airport capital improvements in 2001-2002. Some of these investments again are the result of partnerships working with the federal government, particularly through the Airports Capital Assistance Program. Runway work will begin at Inuvik and Tulita and continue at Sachs Harbour. New terminal improvements will proceed at Wha Ti, Fort Simpson, Aklavik and Tulita.

Overall, this is a significant change in our investment pattern in transportation. It will provide a better system but will also create opportunities for northern contractors to build these projects and create many new jobs in the construction sector. This budget challenges northern business and workers to invest their resources to build a better transportation system for the future.

Business Incentive Policy Review

Mr. Speaker, this government has had a Business Incentive Policy in place since 1984. Common Ground recommended that the Business Incentive Policy should be completely revised. We agree. The dynamics of our economy have changed and will continue to change for the foreseeable future. Government purchasing will play a smaller role in supporting local business as other opportunities arise in both our renewable and non-renewable resource sectors. We want to encourage the growth of northern businesses, but northern businesses must strive to compete for other opportunities. Furthermore, we want to encourage "real" northern businesses.

In January, we released a discussion paper outlining options for changing the policy. The paper outlines options for a business incentive policy based on employment incentives and tax reductions. One option would see the elimination of

corporate income tax for small private corporations. We are asking northern business, industry and aboriginal governments to provide their recommendations on a new northern business incentive policy. Public consultation will be completed by mid-March and we will be coming forward with recommended changes by May of this year.

Tourism Strategy

Last year's budget highlighted tourism as a priority for this government. Common Ground recommended increased investment in tourism marketing and product development. We agree.

Tourism can play a very important role in the diversification of our northern economy. Jobs in tourism will contribute to celebrating local history, preserving aboriginal cultures and sustaining the environment.

We have consulted widely over the last year with the tourism industry. We have developed our Tourism Strategy in collaboration with Northwest Territories Arctic Tourism. The strategy provides a focus for renewed investment in the industry. Our goals include strengthening the image of the Northwest Territories as a destination, revitalizing tourism training, supporting the creation of new tourism products in each region, supporting aboriginal and cultural tourism, and encouraging the growth of new markets in Europe and Asia.

If the hotel room tax is approved, we will invest \$900,000 in new funding in the strategy. This represents the anticipated revenues to be generated by the hotel room tax in 2001-2002. In addition, the Department of Resources, Wildlife and Economic Development will reallocate \$375,000 in existing funding to the strategy.

Increasing Business Investment

Common Ground identified the need for greater availability of risk capital. We agree. Northern businesses need capital in order to participate in the business opportunities afforded by resource development.

The Government of the Northwest Territories provides incentives through the income tax system for Northerners to invest in northern businesses. The Risk Capital Investment Tax Credit Program provides a tax credit equal to 30 per cent of eligible investments, up to a maximum credit of \$30,000. The program has been in place since 1998, but its uptake has been limited. We plan to market the existing program more aggressively, but will also be examining options for revising the program to make it a more effective vehicle for raising capital for Northwest Territories businesses.

Tax on Income

Mr. Speaker, in recent years, all the provinces have moved from calculating their tax as a percentage of federal tax to basing it directly on income.

Like the provinces, we want to reduce our dependence on the federal government. I am announcing that starting in 2003, the Northwest Territories will also base its personal income tax on income, not on basic federal tax. This change will give us more flexibility to design our tax system to meet the needs of the Northwest Territories population. The Canada Customs and

Revenue Agency will still collect our income tax and Northwest Territories residents will still only need to file one tax return.

However, we recognize that Northerners will need some time to understand the new system and we want to take the time necessary to consider the options open to us under the new system. Therefore, Mr. Speaker, I am proposing the establishment of a Minister's Advisory Committee on Personal Income Tax, composed of residents with experience in the tax area, which will look at the options and make recommendations to me by the fall of this year. Based on this input, I plan to bring forward the necessary legislation in 2002 in order to make the changes effective for 2003.

Hydro Development

Mr. Speaker, one of the more exciting development opportunities highlighted this year was the Northwest Territories' vast hydroelectric generation potential. The Northwest Territories possesses large hydro resources. Parties such as the Northwest Territories Power Corporation have undertaken engineering and market research studies. However, recent events have put a much different economic light on the development of this potential.

With the effects of deregulation in some provinces and states, with increased environmental restrictions on the production of electrical energy by the burning of fossil fuels, and with large industrial developments increasing electrical demand, it appears that Northwest Territories hydro resources could be delivered to an energy hungry market on an economic basis.

Although much work needs to be done to confirm and realize this hydro development potential, the possible fiscal yield to Northwest Territories governments demands that we move aggressively to flesh out this opportunity. In our continuous struggle to meet the growing needs and demands of our population, the Northwest Territories' hydro resources may provide some desperately needed and environmentally responsible relief.

During the early part of 2001-2002 we will need to invest in the legal, financial and engineering work necessary to determine whether our hydro resources do indeed offer the economic benefits we need and whether they can be developed in a manner that results in substantial returns to the Northwest Territories.

Conclusion

Mr. Speaker, this budget lays out an ambitious program. It has been built with advice from Members, aboriginal and community leaders, representatives of industry and social groups and the public. We are confident this program can be achieved.

The Northwest Territories has immense potential, but there is a lot to be done to maximize the benefits to our residents. I believe it is only a matter of time before everyone recognizes this potential, as well as the needs. It is only a matter of time before residents of the Northwest Territories are given full control over their future, control that residents of the other provinces take for granted.

However, we cannot wait for others to come to this realization. The time for action is now. To take a timid approach to

development and economic growth would be a mistake. The opportunities we have today may not be there tomorrow. Together with our aboriginal partners, with the federal government, with community leaders and with industry and business, we can achieve our vision of a prosperous and vigorous Northwest Territories.

We are investing today in a better tomorrow. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Minister Handley. Colleagues, we will shortly be taking a short break so we can join the Minister in the Great Hall so the Minister can meet the public. Also, today we are celebrating our national flag with the Northwest Territories Celebrate Canada Day Committee. After the Minister's briefing in the Great Hall, I hope that you will join with the Celebrate Canada Day Committee for the celebration that they have planned for us at approximately 3:00 p.m. This House will reconvene at the sound of the bell. I hope that you will return to a very energetic day. This House will take a short recess.

-- Break

MR. SPEAKER: The House will come back to order. Item 3, Ministers' statements. Item 4, Members' statements. The honourable Member for Inuvik Boot Lake, Mr. Roland.

ITEM 4: MEMBERS' STATEMENTS

Member's Statement on Petition for Educational Support Services in Inuvik

MR. ROLAND: Thank you, Mr. Speaker. Today, we received a package from the NWT Council for Disabled Persons. In this package are many letters. The one that I reviewed struck me as very similar to what a parent is going through in Inuvik.

Mr. Speaker, this parent, Mrs. Geri Sharpe-Staples, has taken her concerns to the people. She put a petition out and asked the people of Inuvik to sign it. Mr. Speaker, 622 people signed the petition. The petition asks the government to support them with resources, resources that would see an education psychologist, a speech therapist and more training for program assistance in Inuvik.

I hope this government will take this request seriously as I table this petition later today. I look forward to the response they will bring forward. Hopefully, it will be a timely one. In light of all the news of extra spending happening here in the Northwest Territories by this government, I am sure they can find some of those resources to ensure that parents and children in the Inuvik region have the proper resources to ensure they can take advantage of our education system. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Roland. Item 4, Members' statements. Item 5, returns to oral questions. Item 6, recognition of visitors in the gallery. The honourable Member for Weledeh, Mr. Handley.

ITEM 6: RECOGNITION OF VISITORS IN THE GALLERY

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, I am pleased to recognize in the gallery today my wife Theresa;

my son-in-law Ron sitting behind her, also the chairperson for the board for the Council for the Status of Women; and the new executive director for the Status of Women, Barb Founders.

-- Applause

MR. SPEAKER: Item 6, recognition of visitors in the gallery. The honourable Member for Nahendeh, Mr. Antoine.

HON. JIM ANTOINE: Thank you, Mr. Speaker. Mr. Speaker, I would like to recognize Duncan Canvin. He is the president of the Fort Simpson Chamber of Commerce. He also sits on the village council. Welcome. Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. Antoine. Item 6, recognition of visitors in the gallery. The honourable Member for Thebacha, Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, I would like to take this opportunity to recognize the son of a former colleague and friend, Mr. Roy Erasmus. His son Cody is working for us in the Chamber today as a page. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Miltenberger. Item 6, recognition of visitors in the gallery. Item 7, oral questions. The honourable Member for Mackenzie Delta, Mr. Krutko.

ITEM 7: ORAL QUESTIONS

Question 314-14(3): Bridge Across the Peel River

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, my question is directed to the Minister responsible for Transportation. It is regarding the possibility of a feasibility study to look at the possibility of a bridge on the Peel River.

Back in 1981, the Inuvik Chamber of Commerce looked at an engineering firm out of Edmonton to consider the possibility of looking at a feasibility study to see the practicality of building a bridge and what the cost was. Back then, to do the study would have cost somewhere in the range of \$20,000.

From the preliminary results that came back from the engineering firm, they were estimating the cost of this bridge for one lane was somewhere around \$2 million, and a two-lane was somewhere in the range of \$4 million, with a life expectancy expected to be somewhere between ten and 15 years.

At that time, that was the report. I have been trying to get the Department of Transportation to see what is the possibility of doing highway studies. My question to the Minister is, will the Minister consider conducting an evaluation or a feasibility study to see what the actual cost would be for a bridge across the Peel River?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Minister responsible for the Department of Transportation, Mr. Steen.

Return to Question 314-14(3): Bridge Across the Peel River

HON. VINCE STEEN: Thank you, Mr. Speaker. Mr. Speaker, I am sure we can include that in our studies, along with or in line with our Highway Strategy. Thank you.

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

Supplementary to Question 314-14(3): Bridge Across the Peel River

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, in regard to the Highway Strategy, this is something that is not currently part of the Highway Strategy. I would like to ask the Minister if he would consider doing this as a separate item. Right now, we have been able to receive funds from the federal government to look at bridges in the Mackenzie system. Could the Minister treat this under the same emphasis that they were able to access money from the Department of Indian Affairs?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Minister responsible for the Department of Transportation, Mr. Steen.

Further Return to Question 314-14(3): Bridge Across the Peel River

HON. VINCE STEEN: Thank you, Mr. Speaker. Mr. Speaker, I think that all of the river crossings in the highway system are part of the Highway Strategy, although they are further down the line that they may not be identified directly in the strategy itself. For instance, I believe the crossing at Fort Providence is in the strategy but it shows up further down the line. The department is doing, if they have not already done some feasibility studies on these particular crossings, they would be doing them in relation to the total cost of bringing those highways into full production standards.

As to the possibility of bringing this towards further discussions with Indian Affairs for funding, I would have to take that into consideration.

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

Supplementary to Question 314-14(3): Bridge Across the Peel River

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, I would like to ask the Minister if he would consider allocating funds to do preliminary studies to look at the feasibility of building a bridge across the Peel River?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Minister responsible for the Department of Transportation, Mr. Steen.

Further Return to Question 314-14(3): Bridge Across the Peel River

HON. VINCE STEEN: Thank you, Mr. Speaker. Mr. Speaker, as far as committing to putting money directly towards a feasibility study separate from the overall Highway Strategy, it is a little difficult for me to answer to at this time. However, I will pass that on to the department to see what we can do with this request and I will get back to the Member.

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

Supplementary to Question 314-14(3): Bridge Across the Peel River

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, if possible, can the Minister get a response back to me before the House adjourns for this session?

MR. SPEAKER: Thank you, Mr. Krutko. The honourable Minister responsible for the Department of Transportation, Mr. Steen.

Further Return to Question 314-14(3): Bridge Across the Peel River

HON. VINCE STEEN: Thank you, Mr. Speaker. Mr. Speaker, I will have the department work as quickly as we can and try to get that information before the House adjourns. Thank you.

MR. SPEAKER: Thank you, Mr. Steen. Item 7, oral questions. The honourable Member for Range Lake, Ms. Lee.

Question 315-14(3): Parental Leave Benefits

MS. LEE: Thank you, Mr. Speaker. Mr. Speaker, my question today is directed to the Minister responsible for the Department of Justice. It has to do with maternity benefits under our existing laws in the Northwest Territories. Mr. Speaker, I learned recently from talking to a constituent of mine that in the Northwest Territories under the Labour Standards Act, maternity and paternity benefits could only amount to about 26 weeks of leave. It is related to federal EI benefits as well.

From what I understand, employees are not entitled to a year off without pay unless the employer provides for that. There have been recent developments on that with the federal law as well. I have requested that the Minister look into this issue. I wonder if the Minister could advise as to whether he has had the time to review it and what he plans to do on that issue. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Ms. Lee. The honourable Minister responsible for the Department of Justice, Mr. Antoine.

Return to Question 315-14(3): Parental Leave Benefits

HON. JIM ANTOINE: Thank you, Mr. Speaker. Mr. Speaker, the Labour Standards Act that we administer the leave under, just to correct the Member, is that there are 29 weeks leave under the Labour Standards Act. According to the new Employment Insurance Act, there are 50 weeks. We are seriously considering amendments to the Labour Standards Act to correspond with this federal change. Our proposal is currently undergoing the government's review process right now. We are pursuing that and hopefully will make the necessary changes. Thank you.

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

Supplementary to Question 315-14(3): Parental Leave Benefits

MS. LEE: Thank you, Mr. Speaker, and I thank the Minister for his response. However, for the benefit of the people out there listening, and my constituent in particular, I see that the federal government is moving quite aggressively on promoting this news, that those who are expecting can take up to 50 weeks

off with assistance from the federal government. I think there is a great deal of urgency, maybe not a great deal, but there is quite a bit of urgency in order to synchronize with the federal initiative.

I wonder if the Minister could advise as to whether he is moving as fast as he can on this. What will be the process involved in getting it into a stage where the necessary things can be done? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Ms. Lee. The honourable Minister responsible for the Department of Justice, Mr. Antoine.

Further Return to Question 315-14(3): Parental Leave Benefits

HON. JIM ANTOINE: Thank you, Mr. Speaker. Mr. Speaker, we are moving as quickly as possible. We have agreement by Cabinet to move ahead for the department to make the necessary amendments to this act.

MR. SPEAKER: Thank you, Minister Antoine. Item 7, oral questions. Item 8, written questions. Item 9, returns to written questions. Item 10, replies to the opening address. Item 11, replies to the budget address. The honourable Member for Thebacha, Mr. Miltenberger.

ITEM 11: REPLIES TO THE BUDGET ADDRESS

Reply 4-14(3)

MR. MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, the Minister of Finance today has been talking today about a good news budget, and we do have to acknowledge that we do have tremendous potential as a territory. However, we are not there yet. As the Minister indicated, we are investing today in a better tomorrow.

There are some good things in this budget for the people of Thebacha and they will be very happy to see them. After five years of raising the issue, chip seal over Highway No. 5 has finally made the budget address.

-- Applause

Better than that, Mr. Speaker, the Minister has in fact raised it from chip sealing to paving, as I note on page 16 of his address. I am sure my colleague from Fort Resolution as well will be working with the Minister to ensure that in fact he holds true to that brave promise.

SOME HON. MEMBERS: Hear, hear.

MR. MILTENBERGER: Mr. Speaker, for us, the chip sealing or paving of Highway No. 5 is a critical issue. It is currently the only road we have into our community and the gravel condition is a deterrent to tourism. I believe that the toll proposed by the government will cover costs and it will give us some of the money that would otherwise go to the federal government as royalties.

It is also very good to see the mention of the harbour potential in the South Slave and the rest of the Northwest Territories. These are sustainable megaprojects that are very environmentally friendly and will far outlast most of the mines and other developments we have. We will be nothing but ancient memories in this Chamber when those projects should

still exist and be producing good for the people of the Northwest Territories.

However, Mr. Speaker, unfortunately, most of the other new initiatives announced are virtually empty boxes; things like literacy and the maximizing of northern employment and the early childhood development initiative. Mr. Speaker, very clearly, nobody is going to disagree with these initiatives and that they are important. However, like motherhood and apple pie, who would disagree? What is missing are the details. There is a lot of form at this point, but we are woefully short on substance. Who will benefit? What kind of money are we talking about? Are these short-term pots of funding or long-term solutions to issues?

Another example, Maximizing Northern Employment, is missing fundamental information, Mr. Speaker, something basic like what is the definition of a Northerner being used in this strategy? How does it fit in with affirmative action, or does it replace it?

It is disturbing to have so many virtually empty boxes as initiatives before us today for a couple of reasons, Mr. Speaker. The first reason is what this means about our system of consensus government. Over the past decade, consensus has meant that the knowledge and experience of all the Members was considered valuable. Program proposals were brought to committees through the various processes to do with business planning and other processes for in-depth discussion before being announced and finalized.

This Assembly has a protocol that says this is how we will continue to do business. However, the unfortunate reality in this case is that Cabinet acted in isolation for the most part from Ordinary Members. While they may be using the ideas and recommendations made from committee reports, it was done without any discussion or meaningful involvement by the Ordinary Members.

SOME HON. MEMBERS: Agreed.

MR. MILTENBERGER: These initiatives in the budget address and in the Premier's state of the union address were not mentioned in the business plan review only three short months ago. The extent of consultation during last month's budget review was, "Here it is. We just have a general idea, but no real idea of how we really actually want to make it happen. What do you think?" Unfortunately, this reflects the new relationship between Cabinet and committees, which I hope will in fact only be a one-time occurrence.

We seem to have lost one of the most fundamental processes of consensus government. What we seem to be moving to is a process in place in most of the provinces with party politics. The government presents ideas as vague items or as a finished package. We have been getting a series of quick, short briefings with no chance for involvement or contribution by Ordinary Members. This is a shame, since many of the good things in this budget and past initiatives came from this type of cooperative approach that was missing this time.

Mr. Speaker, without involving all Members in true consensus style, it is easy to get tunnel vision and insulated thinking if you stick only to the Cabinet's side of the table and with the Cabinet perspective. This shift in approach by Cabinet means that valuable input that came from Ordinary Members and their constituents in the past was lost in this instance. I see this as a

very clear and unfortunate shift to what could become some sort of quasi-party political party politics model, Mr. Speaker.

Mr. Speaker, I mentioned that I have two concerns with the virtual empty boxes that these initiatives were as announced in his budget today. The second concern is the money, or more accurately, the lack of it. The budget is incomplete. We have already been told as Members that the government will be coming back for a significant amount of supplementary appropriation to pay for the new initiatives. There will be supplementary appropriations, Mr. Speaker, for the unquantified fuel costs for running the businesses, the utilities, the facilities of government and paying for the electricity in many of the communities.

We know, Mr. Speaker, that the figures are already inaccurate with all these other costs yet to come in. The spending, as the Minister indicated, brings us dangerously close to the debt wall, to the point where we cannot continue to keep spending beyond our limits. We have a consolidated debt, as was pointed out, of \$251 million, leaving us \$49 million of room, a fairly thin cushion. Our debt limit is \$300 million, Mr. Speaker, and we are close to that number. That would constitute more than a third of our budget that we would be holding as debt.

We have to start asking questions like how much will it cost us to service a debt of this size? If we are not careful and do not achieve the goal of resource revenue sharing and new revenues, what kind of legacies will we be leaving our children?

We agree. I agree that sometimes you have to spend money to reduce costs down the road. Sometimes we have to invest today for the future tomorrow. We also have to be very realistic and careful and keep things within reason when it comes to spending.

Mr. Speaker, there was discussion yesterday in this House about the Non-Renewable Resource Strategy and the \$3.7 million that was given to us from the federal government for bridges in the Sahtu. It was referred to as an installment, Mr. Speaker, out of the \$250 million that was requested. As my colleague Mr. Bell said, if our installments continue at that pace, it will take 68 years to get the full amount.

Mr. Speaker, I will be 118 years old, and I do not want to be standing in this House arguing with the Minister of Finance, who will be even older than I, about this issue, so we have to be very careful and more forceful. Of course, by that time, will there be any oil and gas or diamonds left? I am sure the Minister's boots will have been worn to a nub in his efforts to try to achieve this laudable goal.

-- Laughter

Mr. Speaker, over the last two years, we have had two tax windfalls where companies have chosen to file their income tax in the Northwest Territories. Is this included in revenue projections? Other jurisdictions are in fact changing their tax rates. We are no longer among the lowest. There are other jurisdictions that are in fact lower. Ontario is one. I do not believe we can continue to count on this good fortune unless it is the plan of the Minister to in fact lower these tax rates.

Mr. Speaker, \$49 million is not much. It could be eaten up very quickly, one bad fire season. We have upcoming settlements with the NWTTA which are back at the table. We are in our last

year of an agreement with the UNW and will be re-entering the negotiation phase with them. Mr. Speaker, it is a paper-thin margin we have to play with.

As has been pointed out by many people in this House and across the land, resource revenue sharing is our best bet. Unfortunately, this process seems to be moving very slowly. I do not think a lot of people appreciate the significance of the financial fix we are in if we do not get that deal in the next couple of years.

Mr. Speaker, we need to see some substantial progress soon. I do not think anybody would accept failure as an option in this particular instance. Given the spending that Cabinet is proposing, I can only assume that their plan is not to wait for more loose change off the Liberal table in Ottawa. I would hope that if the government is in fact planning a plan B, that they would be sharing that with us and the people of the Northwest Territories.

Yes, if there was a lot of money, it would be very nice to spend even more in the areas of literacy, health, social services, education and supporting northern employment.

The key for us as an Assembly and for the Cabinet is how do we balance the many demands and needs within our limited resources? What is the responsible thing to do to protect our children's future? Thank you, Mr. Speaker.

-- Applause

MR. SPEAKER: Thank you, Mr. Miltenberger. Item 11, replies to the budget address. Item 12, petitions. The honourable Member for Inuvik Boot Lake, Mr. Roland.

ITEM 12: PETITIONS

Petition 6-14(3): Educational Support Resources for Inuvik Children

MR. ROLAND: Thank you, Mr. Speaker. Mr. Speaker, I would like to present a petition dealing with the matter of educational support resources for Inuvik children. Mr. Speaker, the petition contains 622 signatures of Inuvik residents. Mr. Speaker, the petitioners request that additional support resources, such as an addition of an education psychologist, speech therapist, and more trained program support assistance, be made available on a full-time basis in Inuvik schools. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Roland. Item 12, petitions. Item 13, reports of standing and special committees. Item 14, reports of committees on the review of bills. Item 15, tabling of documents. The honourable Member for Weledeh, Mr. Handley.

ITEM 15: TABLING OF DOCUMENTS

Tabled Document 98-14(3): Government of the Northwest Territories Business Plans, 2001-2004

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, I wish to table the following document entitled Government of the Northwest Territories 2001-2004 Business Plans. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Minister Handley. Item 15, tabling of documents. The honourable Member for Weledeh, Mr. Handley.

Tabled Document 99-14(3): Government of the Northwest Territories Results Report, 1999-2000

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, I wish to table the following document entitled Government of the Northwest Territories Results Report, 1999-2000. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Minister Handley. Item 15, tabling of documents. The honourable Member for Mackenzie Delta, Mr. Krutko.

Tabled Document 100-14(3): Letter to Chair of Inuvik Chamber of Commerce Regarding Feasibility of a Bridge Over the Peel River

MR. KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, I wish to table a letter to the chair of the Inuvik Chamber of Commerce, dated 1981. It is a feasibility study from an engineering firm. It was signed by the head deputy minister of Transportation.

MR. SPEAKER: Thank you, Mr. Krutko. Item 15, tabling of documents. Item 16, notices of motion. Item 17, notices of motion for first reading of bills. Item 18, motions. Item 19, first reading of bills. The honourable Minister responsible for the Department of Finance, Mr. Handley.

HON. JOE HANDLEY: Thank you, Mr. Speaker. Mr. Speaker, I seek unanimous consent to proceed with first reading of Bill 19, Appropriation Act, 2001-2002.

MR. SPEAKER: Thank you, Mr. Handley. The honourable Minister has requested unanimous consent to give first reading of Bill 19 today. Are there any nays? There are no nays. You may proceed, Mr. Handley.

ITEM 19: FIRST READING OF BILLS

Bill 19-14(3): Appropriation Act, 2001-2002

HON. JOE HANDLEY: Mr. Speaker, I move, seconded by the honourable Member for Inuvik Twin Lakes, that Bill 19, Appropriation Act, 2001-2002, be read for the first time. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Handley. For the record, that was Bill 19. The motion is in order. Question has been called. All those in favour? Thank you. All those opposed? The motion is carried. Bill 19 has had first reading. Item 20, second reading of bills. Item 21, consideration in committee of the whole of bills and other matters. Item 22, report of committee of the whole. Item 23, third reading of bills. Item 24, orders of the day. Mr. Clerk.

ITEM 24: ORDERS OF THE DAY

CLERK OF THE HOUSE (Mr. Hamilton): Mr. Speaker, meetings for tomorrow at 9:00 a.m. of the Standing Committee on Accountability and Oversight. Orders of the day for Friday, February 16, 2001:

1. Prayer
2. Ministers' Statements

3. Members' Statements
4. Returns To Oral Questions
5. Recognition of Visitors in the Gallery
6. Oral Questions
7. Written Questions
8. Returns to Written Questions
9. Replies to Opening Address
10. Replies to Budget Address (2nd of 7 allotted days)
11. Petitions
12. Reports of Standing and Special Committees
13. Reports of Committees on the Review of Bills
14. Tabling of Documents
15. Notices of Motion
16. Notices of Motions for First Reading of Bills
17. Motions
18. First Reading of Bills
19. Second Reading of Bills
 - Bill 19, Appropriation Act, 2001-2002
20. Consideration in Committee of the Whole of Bills and Other Matters
 - Bill 14, An Act to Amend the Student Financial Assistance Act
21. Report of Committee of the Whole
22. Third Reading of Bills
23. Orders of the Day

MR. SPEAKER: Thank you, Mr. Clerk. Accordingly, the House stands adjourned until Friday, February 16th at 10:00 a.m.

-- ADJOURNMENT

The House adjourned at 4:00 p.m.

