



# **NORTHWEST TERRITORIES LEGISLATIVE ASSEMBLY**

**3<sup>rd</sup> Session**

**Day 5**

**15<sup>th</sup> Assembly**

## **HANSARD**

**Monday, March 22, 2004**

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**The Honourable David Krutko, Speaker**

# Legislative Assembly of the Northwest Territories

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## TABLE OF CONTENTS

<b>PRAYER</b> .....	<b>113</b>
<b>MINISTERS' STATEMENTS</b> .....	<b>113</b>
11-15(3) - FPT MEETING WITH MINISTER PIERRE PETTIGREW .....	113
12-15(3) - INTERGOVERNMENTAL FORUM PROCESS .....	113
13-15(3) - ENVIRONMENTAL TOBACCO SMOKE REGULATIONS (BELL) .....	114
<b>MEMBERS' STATEMENTS</b> .....	<b>114</b>
MR. RAMSAY ON CONGRATULATIONS TO NEW CONSERVATIVE PARTY LEADER STEPHEN HARPER .....	114
MR. YAKELEYA ON TRAINING AND EDUCATION IN THE SAHTU REGION.....	114
MR. BRADEN ON OPERATIONAL REVIEW OF THE WORKERS' COMPENSATION BOARD .....	115
MRS. GROENEWEGEN ON DEDICATION OF HAY RIVER DOCTORS AND NURSES .....	115
MR. DELOREY ON WCB PENSION BENEFITS .....	116
MR. ALLEN ON ENVIRONMENTAL ASSESSMENT OF THE MACKENZIE VALLEY GAS PIPELINE.....	116
MS. LEE ON SCRUTINY OF THE GOVERNMENT'S MAIN ESTIMATES.....	116
MR. HAWKINS OF REDUCTIONS TO DEPARTMENTAL TRAVEL BUDGETS .....	117
MR. VILLENEUVE ON ROLE OF ELDERS IN THE NWT.....	117
<b>RECOGNITION OF VISITORS IN THE GALLERY</b> .....	<b>117</b>
<b>ORAL QUESTIONS</b> .....	<b>117</b>
<b>WRITTEN QUESTIONS</b> .....	<b>128</b>
<b>REPORTS OF STANDING AND SPECIAL COMMITTEES</b> .....	<b>128</b>
<b>TABLING OF DOCUMENTS</b> .....	<b>129</b>
<b>SECOND READING OF BILLS</b> .....	<b>129</b>
BILL 2 - AN ACT TO AMEND THE INCOME TAX ACT .....	129
BILL 3 - AN ACT TO AMEND THE INCOME TAX ACT, No. 2 .....	130
<b>CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS AND OTHER MATTERS</b> .....	<b>130</b>
<b>REPORT OF COMMITTEE OF THE WHOLE</b> .....	<b>181</b>
<b>ORDERS OF THE DAY</b> .....	<b>181</b>



**YELLOWKNIFE, NORTHWEST TERRITORIES****Monday, March 22, 2004****Members Present**

Mr. Allen, Honourable Brendan Bell, Mr. Braden, Mr. Delorey, Honourable Charles Dent, Mrs. Groenewegen, Honourable Joe Handley, Mr. Hawkins, Honourable David Krutko, Ms. Lee, Honourable Michael McLeod, Mr. Menicoche, Honourable Michael Miltenberger, Mr. Pokiak, Mr. Ramsay, Honourable Floyd Roland, Mr. Villeneuve, Mr. Yakeleya, Honourable Henry Zoe

**ITEM 1: PRAYER**

---Prayer

**SPEAKER (Hon. David Krutko):** Thank you. Item 2, Ministers' statements. Mr. Handley.

**ITEM 2: MINISTERS' STATEMENTS****Minister's Statement 11-15(3): FPT Meeting With Minister Pierre Pettigrew**

**HON. JOE HANDLEY:** Mr. Speaker, I would like to report on my meeting last Friday with federal Intergovernmental Affairs Minister Pierre Pettigrew; Parliamentary Secretary to the Prime Minister, Scott Brison; and my colleagues from the other provinces and territories.

In January, Prime Minister Martin made a commitment to Premiers that provinces and territories would be more directly involved in Canada-U.S. relations and international matters. He tasked Minister Pettigrew to find ways to implement this commitment.

Minister Pettigrew and provinces and territories reached a consensus at the Montreal meeting that specific proposals on the participation of provinces and territories in Canada-U.S. relations and international matters be developed for review by the Council of Federation in July and adopted at the First Ministers meeting this summer. The intent is to provide a formalized agreement that allows a significant role for provinces and territories in international relations. Options will also be developed for review and adoption by First Ministers to coordinate the effective representation of provincial/territorial interests in Canada, U.S. policy and other intergovernmental aspects of Canada-U.S. relations.

The meeting provided an opportunity to get issues on the table and give direction to working groups on the product that is expected for this summer. There was consensus around the table that these proposals should reflect the commitment on all sides to make a new approach work and that success will require flexibility in arrangements to take into consideration international protocols.

Mr. Speaker, as I noted in this House last week, the Northwest Territories has a number of important interests related to Canada-U.S. relations and international affairs where we need and should be represented. Some of these issues include continental energy matters, ballistic missile defence and northern foreign policy. I had the opportunity to highlight NWT interests and the effect of policies and decisions taken by other governments in these areas during the roundtable discussions.

Mr. Speaker, in order to pursue our objective to become a have territory, it is critical that we continue to participate in these federal/provincial meetings to continue to build our relationships with our provincial and federal colleagues. This is not something that happens overnight. It will

require a concerted and sustained effort to ensure that the interests of the Northwest Territories are considered in discussions amongst our partners in the federation. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 2, Ministers' statements. Premier Handley.

**Minister's Statement 12-15(3): Intergovernmental Forum Process**

**HON. JOE HANDLEY:** Mr. Speaker, I am pleased to report to Members that a successful Intergovernmental Forum meeting was held on March 18<sup>th</sup> in Yellowknife.

The meeting was hosted by the Government of Canada and chaired by Senator Nick Sibbeston. The Honourable Andrew Mitchell, Minister of Indian Affairs and Northern Development; Mr. Larry Bagnell, Parliamentary Secretary on Northern Economic Development; and, our Member of Parliament, the Honourable Ethel Blondin-Andrew, represented Canada at this meeting.

The Aboriginal Summit was represented by President Robert Tordiff of the Northwest Territories Metis Nation; Chief Peter Liske from the Akaitcho Dene First Nations; Sahtu Dene Council Grand Chief Frank Andrew; Tlicho Grand Chief Joe Rabesca; Chief Richard Nerysoo representing the Gwich'in Tribal Council; Eddie Dillon from the Inuvialuit Regional Corporation; and, North Slave Metis Alliance President North Douglas.

I attend the meeting on behalf of the Government of the Northwest Territories, along with the Honourable Floyd Roland, the Honourable Brendan Bell, the Honourable David Krutko and MLAs Kevin Menicoche, Robert Hawkins and Norman Yakeleya.

Mr. Speaker, the Intergovernmental Forum meeting discussions were very positive and served to renew our collective efforts to conclude a devolution and resource revenue sharing agreement within the term of the 15<sup>th</sup> Legislative Assembly. Further discussions centred on financing of governments, capacity building and the Economic Development Advisory Forum.

It was apparent from the meeting that leaders remain committed to the IGF process and recognize that we have a unique opportunity to move forward on important issues that affect the lives of the people of the NWT.

In addition to the meeting of the IGF, Minister Mitchell also took the opportunity during his visit to the NWT to sign the Northwest Territories lands and resources devolution framework agreement on behalf of Canada. Leaders representing aboriginal governments and the GNWT signed this agreement in January.

Mr. Speaker, the framework agreement is a process and schedule agreement that sets out the groundwork for the negotiation of an agreement-in-principle and a final devolution agreement. It identifies the subject matters for negotiation and target dates for the next stages of negotiations.

A great deal of work remains to be done in order to reach our target of completing a final devolution agreement by 2005 and implementation in 2006. Our negotiation team is continuing its work with the other parties to ensure that a fair deal on devolution and resource revenue sharing is reached. I would like to congratulate the negotiation teams from all parties in reaching this milestone. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 2, Ministers' statements. Minister Bell.

**Minister's Statement 13-15(3): Environmental Tobacco Smoke Regulations**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. Mr. Speaker, the Workers' Compensation Board of the Northwest Territories and Nunavut has engaged in progressive steps to strengthen regulations under the Safety Act and the Mine Health and Safety Act. These steps will protect northern workers from the proven negative health effects of second-hand smoke. They include research, public consultations and partnering with other government departments and outside agencies to address the serious workplace health issue of environmental tobacco smoke.

Mr. Speaker, second-hand smoke is not present in the workplace as a result of a manufacturing or work process, nor is it essential to any manufacturing or work process. Its presence is entirely discretionary. However, what is not optional are the damaging health effects for workers involuntarily exposed to second-hand smoke. This is why, effective May 1<sup>st</sup> this year, smoking will be against the law in workplaces within the Northwest Territories and Nunavut.

In September 2003, the governance council of the WCB approved the environmental tobacco smoke regulations to remove or restrict the source of pollution in northern workplaces by banning tobacco smoke. It forwarded the regulations to the NWT and Nunavut Ministers responsible for the WCB.

The regulations require that:

- Employers prohibit workers' exposure to environmental tobacco smoke in enclosed work sites.
- Workers cannot smoke in enclosed work sites.
- Limited exceptions are made for private residential units, institutional facilities and live-in work camps.
- Workers and Employers who fail to abide by the regulations may be fined.

Mr. Speaker, in December of 2003 the regulations were approved in the Northwest Territories and Nunavut, calling for implementation throughout the NWT and Nunavut

effective May 1, 2004. I want to assure employers that information and expertise is available from the WCB to help them comply with the new law.

In keeping with this vision and mission, the WCB continues to assist workers and employers in the North to make workplaces safer in northern Canada.

Mr. Speaker, the NWT and Nunavut have become national leaders in worker safety in the industrial disease area as a result of these comprehensive regulations. I want to pay tribute to my predecessor, the Honourable Joseph Handley, and his colleagues of the day for introducing these important improvements. I congratulate all who were involved in moving these regulations through to the implementation stage of May 1, 2004, and look forward to ensuring a healthier work environment for all northern workers. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 2, Ministers' statements. Item 3, Members' statements. Member for Kam Lake, Mr. Ramsay.

**ITEM 3: MEMBERS' STATEMENTS**

**Member's Statement On Congratulations To New Conservative Party Leader Stephen Harper**

**MR. RAMSAY:** Thank you, Mr. Speaker. Mr. Speaker, it is with great pleasure that I rise in this House today to congratulate the first duly-elected leader of the Conservative Party of Canada: Mr. Stephen Harper. The other candidates, Ms. Belinda Stronach and Mr. Tony Clement, should also be recognized for putting themselves forward to challenge for this important function in the new Conservative Party's short history.

I will be inviting Mr. Harper to visit the North in the near future so that we can learn and understand how a Conservative government under Mr. Harper would treat northern Canada and the Northwest Territories in particular. On Saturday, Conservatives from across the country voted on the united right in trying to put an end to Paul Martin and his Liberal Government's scandalous decade-old regime. Canadians and northerners alike are getting tired of the arrogance, corruption and waste coming out of Ottawa.

Mr. Speaker, with the election of Mr. Harper, Canadians and northerners will finally have an alternative to the Liberals, and taxpayers from across the country should rejoice. I would like to wish the recently minted Western Arctic Riding Association and their executive the best of luck in finding a candidate for the riding in the upcoming federal election. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 3, Members' statements. Member for Sahtu, Mr. Yakeleya.

**Member's Statement On Training And Education In The Sahtu Region**

**MR. YAKELEYA:** Thank you, Mr. Speaker. Mahsi. Mr. Speaker, we're living in exciting times. The Minister of Finance's budget address highlighted the economic development opportunities that we have to look forward to in the Northwest Territories in the coming years.

Nonetheless, Mr. Speaker, we as an Assembly face some hefty challenges to ensure that residents of the Northwest Territories will benefit from this economic growth.

Residents of the Sahtu are well positioned to benefit from the proposed Mackenzie Valley pipeline, but only if they're prepared with the necessary education and training to take advantage of the employment opportunities directly and indirectly associated with the oil and gas industry of the Northwest Territories.

The Northwest Territories oil and gas industrial skills strategy, put together by the Department of Education, Culture and Employment along with the federal, aboriginal and industry partners, lays out a good plan to get our people ready. The last Assembly did a lot of planning, but there is a lot left to do.

Mr. Speaker, as I see it, the key to get the people of the Sahtu ready to benefit from the proposed pipeline is a jointly-managed approach. There has to be community focus. Aboriginal, federal and territorial governments must be in full dialogue to understand the particular needs of the Sahtu. The proposed pipeline is a one-time event, Mr. Speaker. If the residents of the Sahtu are not prepared, job opportunities will be lost to southerners. We do not want to see this happen, Mr. Speaker. I am very optimistic about the future goals of the people of the Sahtu region. Mr. Speaker, this is an issue I will be watching very closely. Mahsi.

---Applause

**MR. SPEAKER:** Item 3, Members' statements. Member for Great Slave, Mr. Braden.

#### **Member's Statement On Operational Review Of The Workers' Compensation Board**

**MR. BRADEN:** Thank you, Mr. Speaker. In 2001 a major legislative review of the Workers' Compensation Board for Nunavut and the NWT was conducted, and this report was presented to the Ministers and resulted here in this legislature, Mr. Speaker, in June 2003, with several major amendments to the legislative side of the Workers' Compensation Act. It was, within its terms of reference, a very well-prepared and a very well-documented report.

But there remains, Mr. Speaker, a significant piece of unfinished business. One of the principal recommendations of this report, which is called Act Now, was to conduct an operational review of the Workers' Compensation Board. What I would like to do, Mr. Speaker, is just read a couple of lines from this report that helps to establish just how significant this recommendation is.

The panel did receive comments from stakeholders about their dealings with the WCB. This was encouraging, but in the panel's view a positive comment should be the norm.

What the panel heard tells us is that the workers' compensation system has become an adversarial one between stakeholders and the WCB. The panel does not believe that legislative change alone will address the many operational issues raised by stakeholders. The panel views legislation as a means to an end. A change to legislation cannot ensure a change to operational attitude.

This is why, Mr. Speaker, it's time to take this very serious recommendation forward on behalf not only of a number of my constituents, but workers across the NWT and Nunavut to seek the attention and the priority that an operational review of the WCB deserves. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 3, Members' statements. Member for Hay River South, Mrs. Groenewegen.

#### **Member's Statement On Dedication Of Hay River Doctors And Nurses**

**MRS. GROENEWEGEN:** Thank you, Mr. Speaker. Mr. Speaker, over the last nine years, I have frequently gotten up in this Assembly and spoken about the doctor and nurse shortages at the H.H. Williams Memorial Hospital and the Hay River Medical Clinic. I could do that today as Hay River once again finds itself short of doctors and nurses.

However, Mr. Speaker, in today's statement I would like to comment on the positive. I would like to publicly commend all of the doctors and nurses in Hay River who are working through the latest shortage in medical practitioners to provide the best possible care that they can for the residents of Hay River.

Mr. Speaker, when times are good and all of the doctors and nurses positions are fully staffed, I am not sure that people really appreciate all the hard work that medical practitioners put in. I can tell you, Mr. Speaker, that everyone involved in the medical profession in Hay River is working to capacity to deal with this latest staffing emergency, and I can also tell you that it is greatly appreciated.

But, Mr. Speaker, in any system that is staffed by people who are working past their point of capacity, you will see people begin to burn out. We cannot afford to lose any more doctors and nurses to burnout. I know of doctors and nurses who liked it in Hay River but could not stay because of the workload imposed by chronic staffing shortages. It is a vicious cycle. We lose doctors and nurses for whatever reasons, which causes the doctors and nurses who stay to pick up the workload, which causes them to burn out, which causes them to move on, which makes us worse off than we were before the whole cycle began.

Mr. Speaker, I know the Hay River Health and Social Services Authority is working hard to fill the empty medical professional positions in Hay River, and I know the Department of Health and Social Services will offer any assistance they can to the Hay River authority. So I say to the doctors and nurses in Hay River who are dealing with the present staffing shortage to please hang in there, help is hopefully on the way.

In closing, Mr. Speaker, I would just like to take a minute to publicly commend Dr. Dalia Bernard for her dedication and commitment to the people of Hay River. We are truly fortunate to have such a caring person in our community, and I hope that she will be there for many years to come. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 3, Members' statements. Member for Hay River North, Mr. Delorey.

**Member's Statement On WCB Pension Benefits**

**MR. DELOREY:** Thank you, Mr. Speaker. Mr. Speaker, today I rise to raise an issue that came up during the election campaign last fall. In speaking to a resident in Hay River, the gentleman and his wife brought up an issue regarding the WCB benefits.

Mr. Speaker, by way of background, this gentleman was unfortunately injured on the job several years ago and, as a result, he receives a monthly WCB pension which he will continue to receive until his death. Mr. Speaker, the injured worker brought up an interesting point, that WCB pension benefits cease upon the death of the injured worker, unlike other pensions such as the Canada pension and private pension plans. Mr. Speaker, other pension plans provide benefits to the surviving spouse, whereas WCB pensions do not unless the injured worker dies as a direct result of the injury.

Mr. Speaker, as I have stated, in the Northwest Territories WCB pension benefits end with the death of the injured worker. Exceptions to this policy only occur in the provinces of Nova Scotia, Quebec and Saskatchewan where they continue to pay benefit to the surviving spouse for a period of three months. In the case of Nova Scotia and Saskatchewan, they may also continue to pay other conditional benefits to the deceased worker if the deceased worker qualifies.

Mr. Speaker, I will have some questions for the appropriate Minister during question period. I think that in most cases we should recognize individuals and their spouse as one. So at the appropriate time I will have questions for the Minister. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 3, Members' statements. Member for Inuvik Twin Lakes, Mr. Allen.

**Member's Statement On Environmental Assessment Of The Mackenzie Valley Gas Pipeline**

**MR. ALLEN:** Thank you, Mr. Speaker. A recent news release on the topic of the Mackenzie Valley gas pipeline regulatory process requires this government to give certainty to the influence it has over the environmental assessment for the pipeline. Mr. Speaker, a speculative time frame and a series of deadlines raises enormous concerns for the investment and the exploration sector that my riding of Inuvik Twin Lakes so much relies on. Of great importance is the concern that a spokesman for Imperial Oil says delays in the regulatory process could derail the proposed Mackenzie Valley pipeline. The report also says that Imperial Oil is looking at renewed prospects of Alaskan gas coming to market.

Mr. Speaker, I have often spoken about our level of industrial investment in the Northwest Territories, and now I feel it's time to step into the influential role that we must play to support a Mackenzie Valley pipeline. Failing this, exploration for oil and gas could conceivably falter as it did in the mid-80s to the early 2000s.

Inuvik Twin Lakes has always been on record to support the oil and gas sector, so let's put this on the priority list of this government. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 3, Members' statements. Ms. Lee.

**Member's Statement On Scrutiny Of The Government's Main Estimates**

**MS. LEE:** Thank you, Mr. Speaker. Mr. Speaker, as our constituents are well aware, this House is going through the review, debate and approval of the government's budget for the upcoming fiscal year 2004-05, and I would just like to let my constituents know what rules and standards I am following in providing my comments and deciding on my votes where they occur in this House with regard to the budget.

First of all, Mr. Speaker, I believe it's important that we value every taxpayer dollar and that we are intimately aware of the high cost of living in the North and, yes, including in the city of Yellowknife. Mr. Speaker, our residents are overburdened with the high cost of housing, taxes, fuel, power and water. It is our job to make sure that we do everything we can in our power to tighten our belts in house and keep the government spending on a tight rein, before we make any decision to raise taxes that would increase the cost of living and cost of doing business in the North.

Mr. Speaker, towards that goal, I have been asking for a breakdown on all categories under expenses in the government budget for every division and department. This is because I believe it's important that I get in-depth and accurate figures on what our expenditures are before I can make constructive suggestions as to where we might tighten our belt.

The second area, Mr. Speaker, that I would let my constituents know as to how I make my decisions is that there are essential spending decisions that we must make, and that's in the areas of education and health and other important areas of spending. My role is to make sure that we save where we can; that we make sure that we have enough money to provide programs and services that we need to provide; and, thirdly, when all else fails and if the government proves to me that we have no way to go but to raise taxes, that's the only time when I would agree with the plan of increasing taxes.

I just wanted to take this opportunity to let my constituents know what it is I'm spending my time doing here and what rules I'm following. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Thank you, Ms. Lee. Just to remind Members if there is anything which is presently under review in Committee of the Whole, such as taxes, these are issues which are before the House and should not be brought up through your Member's statement. I've just touched on it, but I will give you some leeway.

**MR. SPEAKER:** Item 3, Members' statements. Mr. Hawkins.



### Member's Statement On Reductions To Departmental Travel Budgets

**MR. HAWKINS:** Thank you, Mr. Speaker. Mr. Speaker, I rise today to talk about the NWT travel budget. Mr. Speaker, to the untrained eye, the travel budget for the Government of the Northwest Territories is quite scary. My concern is, as I see it, that there truly is no official policy or accountability with numbers being nailed down. All of these numbers are dug out from historical numbers and given to us as prospective numbers for the future. The budget for 2002-2003 actuals totalled \$22.5 million. That seems so large. It could almost be a department on its own.

Mr. Speaker, I observe that this travel budget truly is difficult for even a guy like myself to nail down and truly get a good grip when they say we have 25 percent reduction across the board. The way it's designed, Mr. Speaker, seems that if there is money left over, that could potentially be travel money. I think that causes concern to all Members here.

Later today, Mr. Speaker, I will be directing my questions to the appropriate minister and asking if they will be willing to bring the total global travel budget under the control of their ministry. Mr. Speaker, I would like to see that Minister take control, lead by example, grab the travel budget, organize it under that department, define clear policies, and demonstrate clear accountability of management on this valuable resource of the Government of the Northwest Territories. Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Item 3, Members' statements. Mr. Villeneuve.

### Member's Statement On Role Of Elders In The NWT

**MR. VILLENEUVE:** Thank you, Mr. Speaker. Today, I would like to speak about the elders in our society, Mr. Speaker. As we are all aware, the number of elders in the NWT is steadily increasing. We are realizing the benefits the elders and seniors are contributing to our society as volunteers and for which they do not seek any fiscal or monetary returns for their contributions which are quite great.

Mr. Speaker, the NWT Seniors' Society will be meeting later on this week with some of the Members and attending a luncheon in the Legislative Assembly's Great Hall to socialize with government representatives to address some of the collective concerns such as issues on taxation, active living, medical assistance and other issues that the elders should be continually revisiting year after year with this government.

Mr. Speaker, we all seem to acknowledge the growing importance of seniors to ensuring the success of many programs and services of this government. We almost seem to overlook and under fund the essential programs and services that seniors depend on every day and rely on more and more as time goes on. I hope that we can, in this new budget, give more consideration for the true value of the work that seniors do for society which often goes unnoticed and unacknowledged by this government. Mr. Speaker, I hope that this government in the 15<sup>th</sup> Legislative Assembly will address some of the ongoing

concerns that these seniors are going to be bringing to this House in the coming weeks. Thank you, Mr. Speaker.

**MR. SPEAKER:** Item 3, Members' statements. Item 4, returns to oral questions. Item 5, recognition of visitors in the gallery. Mr. Allen.

### ITEM 5: RECOGNITION OF VISITORS IN THE GALLERY

**MR. ALLEN:** Thank you, Mr. Speaker. It gives me great pleasure today to recognize someone who made a great contribution to this vast northland in terms of his sporting career, a fellow team mate and a fellow collegian from Grollier Hall, I would like to recognize Mr. Ernie Lennie, 1976 Olympian.

---Applause

**MR. SPEAKER:** Item 5, recognition of visitors in the gallery. Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Mr. Speaker. It gives me even greater pleasure to recognize Mr. Ernie Lennie in the gallery. Ernie is the chief negotiator for the Tulita Yamoria Community Secretariat and a cousin and good friend of mine. I would like to welcome him to the Assembly. Thank you.

---Applause

**MR. SPEAKER:** Welcome. Item 5, recognition of visitors in the gallery. Mr. Braden.

**MR. BRADEN:** Mr. Speaker, I can't see from here, but I know that a little earlier on, present in the gallery was a familiar face to Members of the Assembly and a constituent of Great Slave, Mr. John Huffman. I would like to recognize him this afternoon. Thank you.

---Applause

**MR. SPEAKER:** Thank you. Item 5, recognition of visitors in the gallery. For those people who haven't been recognized in the gallery, I would like to welcome you to the House. Thank you. Item 6, oral questions. Mr. Hawkins.

### ITEM 6: ORAL QUESTIONS

#### Question 43-15(3): GNWT Departmental Travel Budgets

**MR. HAWKINS:** Thank you, Mr. Speaker. I will be directing my question to the Minister of Finance. Would the Minister of Finance be willing to lead with vision and demonstrate true accountability to all of our territorial citizens by bringing the whole global territorial budget under the Department of Finance for control purposes? Thank you.

**MR. SPEAKER:** Minister of Finance.

#### Return To Question 43-15(3): GNWT Departmental Travel Budgets

**HON. FLOYD ROLAND:** Thank you, Mr. Speaker. Mr. Speaker, I intend to lead with vision and accountability and be transparent to the people of the Northwest Territories. I might have a little difficulty in getting a message across and having my Cabinet colleagues

forego some of their responsibility in the area of travel for their specific departments. I would gladly look at what we can do in the area I have specific control of and also setting direction as has been done by setting the direction for 25 percent reduction in discretionary travel. In those areas, yes, Mr. Speaker, we would gladly look at what options we have available, and what we can do to make our system more accountable and more transparent for the public. Thank you.

**MR. SPEAKER:** Item 6, oral questions. Member for Sahtu, Mr. Yakeleya.

**Question 44-15(3): Health Care Workers In The Sahtu Region**

**MR. YAKELEYA:** Thank you, Mr. Speaker. Mr. Speaker, I listened to my honourable colleague, Jane Groenewegen, about the health care services in her community, especially the word "burnout." Mr. Speaker, we, in the Sahtu region, are also faced with the quality of health care services in our region. Mr. Speaker, the nurses are faced with numerous challenges and are forced to deal with many demands from the people they serve. I would like to ask the Minister of Health and Social Services, does the Minister agree that the people in need of health care are entitled to be treated professionally and compassionately when they seek help in the health care system?

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Return To Question 44-15(3): Health Care Workers In The Sahtu Region**

**HON. MICHAEL MILTENBERGER:** Yes, Mr. Speaker.

**MR. SPEAKER:** Supplementary, Mr. Yakeleya.

**Supplementary To Question 44-15(3): Health Care Workers In The Sahtu Region**

**MR. YAKELEYA:** Thank you, Mr. Speaker. Can the Minister tell me what avenues residents have to make complaints about the conduct of health care workers and what systems are in place for those complaints to be mediated?

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Further Return To Question 44-15(3): Health Care Workers In The Sahtu Region**

**HON. MICHAEL MILTENBERGER:** Thank you, Mr. Speaker. Currently, in the Sahtu, there is a period of transition between the Inuvik authority and the Sahtu authority being up and running on its own, but there is a CEO in the Sahtu region. As well, there is a CEO in Inuvik. Those are two avenues. There are other professionals that nurses report to who can be approached. Of course, they have the avenue, if they feel they are not being duly heard, to approach their MLA, who has full-time access to me as Minister. If there is a serious formal complaint, if that complaint is put in writing, then we will initiate the appropriate review with the appropriate expertise to make sure that the review is done properly and that they adjudicate and make recommendations at the end. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Yakeleya.

**Supplementary To Question 44-15(3): Health Care Workers In The Sahtu Region**

**MR. YAKELEYA:** Thank you, Mr. Speaker. Thank you, Minister. Can the Minister tell me what supports are available for nurses in terms of cross-cultural training and ongoing support in order for them to deal with the stresses and challenges of working in small communities in the Sahtu?

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Further Return To Question 44-15(3): Health Care Workers In The Sahtu Region**

**HON. MICHAEL MILTENBERGER:** Thank you, Mr. Speaker. Mr. Speaker, as was pointed out in this House yesterday, the issue of cross-cultural training is one where there's a gap in service. Currently it's left to each authority and board to implement and carry on with cross-cultural training as required. One of the problems we have with high turnover of staff, especially nurses in the small communities, is being able to, in fact, do that in a timely way. So there is through the boards the capacity to set up that kind of training. Is it being done as effectively as it could be? I believe it's an area that I've already committed to looking at with the authorities and board Chairs. Thank you.

**MR. SPEAKER:** Item 6, oral questions. Member for Hay River South, Mrs. Groenewegen.

**Question 45-15(3): Shortage Of Health Care Professionals In Hay River**

**MRS. GROENEWEGEN:** Thank you, Mr. Speaker. Mr. Speaker, as I raised in my Member's statement today, we have had an inordinate turnover of some very good staff in Hay River over the past few years. It's difficult for those of us looking at the situation from the outside to understand why this occurs. We thought we had dealt with issues of competitive compensation packages and professional development initiatives and quite a number of other things which were important to the health care professionals in the Northwest Territories, which certainly encompassed workers in Hay River. Mr. Speaker, there continues to appear to be other contributing factors to the turnover in Hay River. I would like to ask the Minister what he's prepared to do about the current shortages and the seemingly indefinable cause for this high turnover. Thank you.

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Return To Question 45-15(3): Shortage Of Health Care Professionals In Hay River**

**HON. MICHAEL MILTENBERGER:** Thank you, Mr. Speaker. The Member is correct. We have spent a considerable amount of money in terms of making sure our packages for the allied health professions are competitive. We have some of the best packages in the country as we stand here today. The issue of turnover is one that is of concern. There are still shortages in many communities. In a community like Hay River, one of the issues that come to mind, as Minister, would be why

people would be choosing to leave. Were there exit interviews done? If we have an historical pattern going back over the last year or two that indicates a high turnover in spite of all the efforts that have been made to make the system attractive and competitive, that would be one of the first things that I would be looking at as Minister to try to ascertain, along with the Member, what would be the underlying causes for this. Thank you.

**MR. SPEAKER:** Supplementary, Mrs. Groenewegen.

**Supplementary To Question 45-15(3): Shortage Of Health Care Professionals In Hay River**

**MRS. GROENEWEGEN:** Thank you, Mr. Speaker. Mr. Speaker, I had occasion at some point to look at the terms of reference for a review that was conducted at Stanton Territorial Hospital. It seemed like the short list of issues that review looked at may have been questions very well applied to our situation in Hay River as well. In terms of getting to the bottom of this, would the Minister be prepared to embark on any kind of a formal process, similar to the one that was conducted at Stanton? Thank you.

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Further Return To Question 45-15(3): Shortage Of Health Care Professionals In Hay River**

**HON. MICHAEL MILTENBERGER:** Thank you, Mr. Speaker. Mr. Speaker, I met a few weeks ago with the board Chairs and the CEOs and I indicated to them at that time that I had the intention as Minister and as a system to take a look at each authority and the department and do a thorough review of all aspects of the services that they deliver and how they're delivered, including the human resources side, finances, and the program side. I'd like to do that over the next year. If there's a specific concern that is pressing, then I'm interested and committed to look at, for example as my colleagues pointed out, possible human resource issues. I'm prepared to look at those as well.

**MR. SPEAKER:** Supplementary, Mrs. Groenewegen.

**Supplementary To Question 45-15(3): Shortage Of Health Care Professionals In Hay River**

**MRS. GROENEWEGEN:** Thank you, Mr. Speaker. Mr. Speaker, the Minister mentions the board and the board chair and the CEO. I'd like to ask what the boards' responsibilities are with respect to the human resource management issues on a day-to-day basis. Under our protocol and existing roles and responsibilities, is that something that the health boards are actually supposed to delve into? Thank you.

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Further Return To Question 45-15(3): Shortage Of Health Care Professionals In Hay River**

**HON. MICHAEL MILTENBERGER:** Thank you, Mr. Speaker. Mr. Speaker, the boards currently in place are boards of management under legislation. They have a clear role, as well as we've spent quite a bit of time over the last two years developing a manual and job description for authorities and board members. Their role

is not to manage on a day-to-day basis. There is a CEO that reports to each board who is charged with that responsibility. To be clear, while they are boards of management, their role is not to micromanage on a day-to-day basis, but occupy themselves with budget issues, program issues and dealing with the concerns that may arise at the community level, possibly in terms of some of the broad underlying issues that may result in staff turnover. Thank you.

**MR. SPEAKER:** Final supplementary, Mrs. Groenewegen.

**Supplementary To Question 45-15(3): Shortage Of Health Care Professionals In Hay River**

**MRS. GROENEWEGEN:** Thank you, Mr. Speaker. Mr. Speaker, so it's my understanding then that the boards that are put in place and the Chairs are not responsible for these human resource management issues. It's my understanding from having been a Cabinet Minister before that it's not really the responsibility of a Minister to get involved in the human resource management issues. So would the Minister agree with me then that perhaps an independent body to go in and look at this might be the best and the most productive choice in this instance? Thank you.

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Further Return To Question 45-15(3): Shortage Of Health Care Professionals In Hay River**

**HON. MICHAEL MILTENBERGER:** As the Member phrased it, it might be, but it's not a particular course of action I think we want to take first. I'd like to look at some of the issues I raised in terms of taking a look at the turnover rates over the last two to three years and to see what the trends may be. Then we'd have a lot of very capable human resource people that work in other boards and other authorities and in headquarters, both in the department as well as the Executive corporate human resources, that could probably give us a good start in terms of trying to ascertain if there are underlying issues we should be paying attention to on the human resource side. Thank you.

**MR. SPEAKER:** Item 6, oral questions. Member for Inuvik-Twin Lakes, Mr. Allen.

**Question 46-15(3): Mackenzie Valley Pipeline Regulatory Process**

**MR. ALLEN:** Thank you, Mr. Speaker. I'm going to make reference to my Member's statement. It's in regard to the oil and gas development exploration sector in the Inuvik region. I'm going to ask the Minister of RWED if he would direct his secretariat or directorate to approach the regular process with the intent that we need to have our message clearly given to the various members of that board so that we have certainty in the exploration side of the industry. Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister of RWED, Mr. Bell.

**Return To Question 46-15(3): Mackenzie Valley Pipeline Regulatory Process**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. I think it's obvious to all of us that certainty is something that

industry requires if they're going to invest money. I think that certainty will only be garnered by working with the stakeholders and making sure that their positions and their understanding of the issues before them are brought to bear.

Now, I think as it relates to the regulatory process, we have established the cooperation plan, this joint panel review process. It's certainly one that this government is supportive of and has endorsed. I think that doesn't negate the real requirement for this government to get behind this process and make sure that we've indicated it's a priority. Some of our efforts and our funding are going to have to follow to make sure that we pay more than lip service to this priority. I think a great start was the proposal and suggestion by the Member for Sahtu that this Legislature convene a joint committee of regular Members and Cabinet Members to talk about exactly this issue and others. I'm certainly hopeful that our Cabinet -- I know we're analyzing this -- will be supportive and make overtures to the regular Members. I think that's a good start. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Allen.

**Supplementary To Question 46-15(3): Mackenzie Valley Pipeline Regulatory Process**

**MR. ALLEN:** Thank you, Mr. Speaker. With all due respect, I want to express my gratitude to the Minister for that. Although it still talks a little bit about the pipeline, we still need to give certainty to the exploration companies and that their investment is protected as well. I want to ask the Minister again if he's prepared to develop an intervenor status type of an approach that we can give all of our industrial investment some priority in this manner as well, besides the pipeline issue. Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister of Resources, Wildlife and Economic Development, Mr. Bell.

**Further Return To Question 46-15(3): Mackenzie Valley Pipeline Regulatory Process**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. I guess I need a little more information as to what the Member proposes intervenor status would comprise, but I think it's important for us to recognize that although this pipeline is the immediate task before us and I believe it's important for the Members of this House to put their efforts firmly behind this, we must recognize that this is part of a much bigger picture. That picture is the Mackenzie Valley development in general. I think that the pipeline is the first step, and once this pipeline goes ahead obviously that's going to open up a lot of new territory for exploration. Suddenly there's a conduit to get this gas to the lower 48 and the insatiable American demand for gas can start to be fed by our gas in the Northwest Territories. I think that will, in itself, provide much more certainty to exploration companies that should they find pools of gas they can now get them to market. This is one of many issues that I think this joint committee needs to take up. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Allen.

**Supplementary To Question 46-15(3): Mackenzie Valley Pipeline Regulatory Process**

**MR. ALLEN:** Thank you, Mr. Speaker. Certainly it generates concern from our constituency in the fact that there was a news release by the spokesman for Imperial Oil saying that they may be looking at Alaskan gas as another prospect. I'm just wondering if we can get a commitment from the Minister if he would now direct his officials to perhaps define whether our gas remains still a priority to the North American gas market. Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister of RWED, Mr. Bell.

**Further Return To Question 46-15(3): Mackenzie Valley Pipeline Regulatory Process**

**HON. BRENDAN BELL:** We can certainly have those discussions, but there's no doubt in my mind and I believe this government has been very clear that we believe that NWT gas should be a Canadian priority. We think it is a Canadian priority. We think this project is of a much more realistic scope than some of the Alaskan gas. No doubt at some point both of these projects will be developed. The demand in the lower 48 and the continental energy strategy I think envisions both projects. I think it's more realistic that the NWT project will come on stream first. Certainly we can have some discussions with the Producers Group to make sure that their minds haven't been changed. I haven't seen the recent interview that the Member speaks to, but the last time I did have a chance to sit down with the Producers Group they were still firmly behind this project and believe that it will go forward. Thank you.

**MR. SPEAKER:** Item 6, oral questions. Member for Range Lake, Ms. Lee.

**Question 47-15(3): GNWT Travel Expenditures**

**MS. LEE:** Thank you, Mr. Speaker. Mr. Speaker, in following up on my statement about keeping the government accountable in their expenditures, I'd like to ask questions today to the Minister of Finance in regard to the government's travel budget. Mr. Speaker, last Friday Members received information from the Minister on the government travel expenditures. I must say, Mr. Speaker, that I was shocked to see some of these figures. For 2002 and 2003 the government has actually spent \$22 million on travel. When you consider in the Minister of Finance's budget address when he stated that in these last five years the operating expenditure grew by \$212 million and if the government spends about \$22 million on travel every year, that's about \$110 million in the last five years just on travel. The reason why we have a deficit is that revenue in that time only grew by \$134 million, which would tell us that we're spending most of our revenue growth in the last five years on travel. I'd like to know from the Minister as to whether or not there are any guidelines in deciding what the travel budget of every department is. Thank you.

---Applause

**MR. SPEAKER:** Minister of Finance, Mr. Roland.

**Return To Question 47-15(3): GNWT Travel Expenditures**

**HON. FLOYD ROLAND:** Thank you, Mr. Speaker. Mr. Speaker, each department goes through the exercise of building their budgets. Within each director position and so on there would be forms for substantiation requesting dollars for areas of travel or other budget areas. So each department would build their budget up and require some travel and go forward on that basis. Now, they'd have to substantiate what they're going to spend their dollars on and how much they've highlighted for specifically travel in certain areas.

Now, Mr. Speaker, we should be clear that the figures that were used by the Member of the \$22 million figure also includes that of medical travel and other things that we consider as non-discretionary. I believe the discretionary amount of travel adjusted for 2002-2003 would be in the area of \$13 million. Thank you.

**MR. SPEAKER:** Supplementary, Ms. Lee.

**Supplementary To Question 47-15(3): GNWT Travel Expenditures**

**MS. LEE:** Thank you, Mr. Speaker. Given the answer of the Minister, I would suggest that the government has a lot of room to look at their travel budget and tighten it up a little. Mr. Speaker, I do accept that there are some adjustments that could be made in these figures, but I do not believe this figure includes medical travel because under Health and Social Services it's only allocated for \$1.1 million and I think there's a lot higher medical travel there.

Mr. Speaker, I'd like to know whether or not employees are required to write any kind of report or indication as to where they travelled, what they did while they were there and what sort of results were produced from these travels. Thank you.

**MR. SPEAKER:** Minister of Finance, Mr. Roland.

**Further Return To Question 47-15(3): GNWT Travel Expenditures**

**HON. FLOYD ROLAND:** Thank you, Mr. Speaker. Mr. Speaker, the reporting required for each department's travel would be under the responsibility of each Minister and how they handle their department and the reporting requirements that happen there. As well, a lot of the travel that's in there is to do with either the health boards or education boards and how we go about that. I agree with the Member that as a government we need to look at our travel budget situation. That is why we sent out the initial message that 25 percent of this is targeted for reduction. Each department has gone through and implemented that. We're going to take the advice of Members who have said look at that line more critically and see what else we can do. We will aim at doing that as we go through the budget process, especially for the business plan process that's coming up in the spring. Thank you.

**MR. SPEAKER:** Supplementary, Ms. Lee.

**Supplementary To Question 47-15(3): GNWT Travel Expenditures**

**MS. LEE:** Thank you, Mr. Speaker. I should also state that I do understand that our employees need to travel to

a certain extent. We like to see them in communities and I know a lot of them are required to travel to do their job. But when we think of the fact that we are trying to introduce legislation that would increase taxes to raise \$1 million, we shudder at the thought of raising taxes to collect \$1 million. When you see a travel budget of \$22 million you have to think about what your priorities are.

Mr. Speaker, I have a question about the way the government keeps track of the travel budget. As the Minister indicated, under RWED where there's \$10 million allocated that was spent for travel last year, \$7.5 million of that is for fire suppression and fire suppression travel requirements. Now I'm wondering, why are things like that included in the travel budget when there's already a different category or division for fire suppression? Why are you keeping your books this way? Can it be done any better? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister of Finance, Mr. Roland.

**Further Return To Question 47-15(3): GNWT Travel Expenditures**

**HON. FLOYD ROLAND:** Thank you, Mr. Speaker. Mr. Speaker, we can definitely look at how we account for this, but the specific area was in travel so anything to do with transportation was included. Those contracts included are to do with the aircraft that are used in that area. I believe those amounts were backed out to show that was more of a non-discretionary item. It was something that's required of the contract; also a number of Justice trips are pulled off because they're required for court duty. We will look at how we account for that, but to come up with an accurate number, anything to do with transportation...The case specifically raised by the Member was to do with the aircraft transportation to fulfill that department's commitment. Thank you.

**MR. SPEAKER:** Final supplementary, Ms. Lee.

**Supplementary To Question 47-15(3): GNWT Travel Expenditures**

**MS. LEE:** Thank you, Mr. Speaker. Could the Minister provide this House with the breakdown on how many people travelled to where? Maybe not to every community, but at least break down by north of 60, north to south and international travel for every department travel budget. Could the Minister provide that within the time of our budget debate? Thank you.

**MR. SPEAKER:** Minister of Finance, Mr. Roland.

**Further Return To Question 47-15(3): GNWT Travel Expenditures**

**HON. FLOYD ROLAND:** Thank you, Mr. Speaker. I will endeavour to pull those numbers together. I will go to each of the Ministers and ask them to pull that from their departments and try to have something for this House. Thank you.

**MR. SPEAKER:** Item 6, oral questions. Member for Nahendeh, Mr. Menicoche.

**Question 48-15(3): GNWT Support To Small Communities**

**MR. MENICOCHÉ:** Thank you, Mr. Speaker. I would just like to follow up on last week's enquiry to the Premier with

reference to the final report of the Special Joint Committee on Non-Tax-Based Community Affairs, and the report was labelled, "Strengthening GNWT Support to Smaller Communities." What is being done by our government in the 15<sup>th</sup> Assembly to implement some of the recommendations of the report?

**MR. SPEAKER:** Mr. Premier.

**Return To Question 48-15(3): GNWT Support To Small Communities**

**HON. JOE HANDLEY:** Mr. Speaker, we are very much aware of that report that was done and, in fact, it's one of the cornerstones that was used as we pulled our budget together. So, Mr. Speaker, to give a lot of detail on what each department is doing, I would have to ask the other departments to pull information together and provide that detail. I don't have it in front of me. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Menicoche.

**Supplementary To Question 48-15(3): GNWT Support To Small Communities**

**MR. MENICOCHÉ:** Thank you, Mr. Speaker. Being a representative of many small communities, this report is of special interest to me, especially when the report talks about looking at multi-year funding for the smaller communities so they don't have to spend all their time doing annual funding proposals; the proposals are the same year after year.

Another issue raised in the report is when government visits these communities -- it's still happening today; one department shows up at 11:00 a.m. to be followed by another department at 2:00 p.m. -- there is still no coordination happening at the community level; it still looks like our government is not coordinated. Thank you, Mr. Speaker. I would like to ask the Premier if there is some coordinated effort to implement any of these recommendations from this report.

**MR. SPEAKER:** Mr. Premier.

**Further Return To Question 48-15(3): GNWT Support To Small Communities**

**HON. JOE HANDLEY:** Thank you, Mr. Speaker. At the regional level, there is an effort to try to coordinate travel, attendance at meetings and so on. I know regional superintendents meet on a regular basis. In only one of our regions we have a regional director, but in other situations the superintendents try to work together to make sure this doesn't happen. Unfortunately, with the amount of activity going on, that kind of problem does take place at times and we will do our best to control it.

Mr. Speaker, I should also remind the Member that we do the report on expenditures by geographical region and by community, and that information is available. I hope that over time, as our government goes through its term, we'll see a better spending pattern happen there. Thank you, Mr. Speaker.

**MR. SPEAKER:** Item 6, oral questions. Mr. Braden.

**Question 49-15(3): Operational Review Of The Workers' Compensation Board**

**MR. BRADEN:** Mr. Speaker, my questions this afternoon are for the Minister responsible for the Workers' Compensation Board. In December of 2001, more than two years ago now, the panel that was sent out to look at legislative changes came back with a recommendation to conduct an independent review of WCB operations. In making that recommendation, it went on to say it should be done with a view to recommending system-wide change in structure, process and attitudes. The panel believes such an operational review is of utmost importance and should be conducted immediately, prior even to the enactment of any legislative changes arising from the report. So it seems that we've already jumped the gun perhaps by adopting this report and not proceeding on an operational review. My question, Mr. Speaker, is what plans does the Minister have for working with his Nunavut counterpart to engage in an independent review of WCB operations. Thank you.

**MR. SPEAKER:** Minister responsible for the Workers' Compensation Board, Mr. Bell.

**Return To Question 49-15(3): Operational Review Of The Workers' Compensation Board**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. I think the work done and the Act Now report, the work done by the legislative review panel, was good. I was with the Member on the committee that looked at the phase I changes and implementation of those changes in the life of the last government. I think the Member is aware that we will be coming forward with phase II now to clean up the remainder of the recommendations that need to be addressed, and I'm optimistic that we can do that early in the life of this government. If we know that there are things that need to be addressed...In the last Assembly, we recognized, as a committee, that, for instance, the Appeals Tribunal needed to be more independent. We made those kinds of recommendations and those were addressed.

The WCB Board of Governors came forward with some proposals to change staff reporting relationships and things like this, and I think that was a welcome change. My concern about an operational review would be we could conceivably spend a heck of a lot of money with very vague terms of reference and not have much we can work with as a result. So I would want to sit down with committee and talk about the things that we've heard from our constituents that need to be addressed, and see if we can't do something about those first. I'm not ruling out an operational review, but obviously it has to be done in conjunction with Nunavut. I think that we need to get together as a committee and talk about some of the things that we've been hearing from our constituents. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Braden.

**Supplementary To Question 49-15(3): Operational Review Of The Workers' Compensation Board**

**MR. BRADEN:** Mr. Speaker, the Minister is absolutely right; that the requirements and the views that we've heard from stakeholders during the legislative review are the ones we should be paying attention to. I'm not really satisfied with the answer that we can perhaps go around

and do some selective tinkering. I really do believe that a full-scale operational review is necessary. I have one constituent, for instance, who has waited 10 months for a first-level decision, six months for a second-level decision, and more than five months now for a date yet to be scheduled for a tribunal-level appeal. So the status quo just isn't working. I want to press the Member again: What is the hang-up for not engaging a full-scale operational review? Thank you.

**MR. SPEAKER:** Minister responsible for the Workers' Compensation Board, Mr. Bell.

**Further Return To Question 49-15(3): Operational Review Of The Workers' Compensation Board**

**HON. BRENDAN BELL:** As I've said, my only concern with a full-scale study, full-scale review, is that it could cost a lot of money and not make much of a difference unless we sit down to talk about the terms of reference and sit down to talk about what exactly we hope to achieve and what the deliverable result would be at the end of the day.

The Auditor General did do an extraordinary review for the WCB in 2002. The report makes a number of suggestions, and that has been received now by myself. It makes a number of suggestions that relate to management processes and potential improvements. I could certainly sit down and speak to the ordinary Members, and I had planned to bring this to committee anyway for discussion. But I think there are some things that are underway that would improve the operational efficiency of the WCB, and I think we should have a discussion about those before we set off on some course to spend a lot of money without much of a sense of where we're going. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Braden.

**Supplementary To Question 49-15(3): Operational Review Of The Workers' Compensation Board**

**MR. BRADEN:** The Minister brings forward an offer here that is hard to refuse, that at least we should sit down and look over these things. But he seems to have precluded that it's not going to get us anywhere because it will be really expensive and take a long time. I would like to hear the Minister state more clearly, if he wishes to, of course, Mr. Speaker, that he will engage in a discussion with Members of this House and with his Nunavut counterpart to look at how an operational review could be projected. Will he at least give us that assurance? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister responsible for the Workers' Compensation Board, Mr. Bell.

**Further Return To Question 49-15(3): Operational Review Of The Workers' Compensation Board**

**HON. BRENDAN BELL:** Thank you. I will certainly sit down and discuss the issue with my Nunavut counterpart for the WCB, and would also propose that I come before committee. We have to discuss the phase II legislative changes that need to be implemented. Obviously, I need committee support in order to make those changes, and everything is on the table. We can talk about a whole range of issues, and if the committee believes that they make sense, then I'm not resisting that.

I am reluctant to chart off on some operational review that at the end of the day doesn't get us much in the way of deliverables. So I would like to make sure that there's a very succinct and clearly-articulated direction before we move forward on something like this. Thank you.

**MR. SPEAKER:** Final supplementary, Mr. Braden.

**Supplementary To Question 49-15(3): Operational Review Of The Workers' Compensation Board**

**MR. BRADEN:** Mr. Speaker, I look forward to joining in the Minister's articulation of all those other difficult words, too. We've got still more significant employment situations ahead of us: Snap Lake mine, perhaps 500 jobs over the next 20 years; the pipeline that may peak at 7,000 construction jobs. Would the Minister consider that an operational review now will help us prepare for this new era, this new generation, in fact this tidal wave of new workers? Aren't we going to be able to put that to good use in the near future? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister responsible for the Workers' Compensation Board, Mr. Bell.

**Further Return To Question 49-15(3): Operational Review Of The Workers' Compensation Board**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. There's no doubt with the pace of resource development in the Northwest Territories that we have to be prepared for it and the WCB has to be prepared for it. I know this is something that the Board of Governors has been discussing. Obviously, there's going to be a lot of work related to oil and gas, related to mining in the future, and we do have to have a plan of action for being able to deal with that and make sure that our legislation is prepared and up to snuff and that the organization is able to handle the increased workload. I think anything that can further that goal makes sense. Again, I'm certainly willing to sit down and discuss that with the committee as we move forward. Thank you.

**MR. SPEAKER:** Item 6, oral questions. Member for Hay River North, Mr. Delorey.

**Question 50-15(3): Workers' Compensation Board Benefits**

**MR. DELOREY:** Thank you, Mr. Speaker. Mr. Speaker, keeping with the topic of WCB and following up on my Member's statement, I would like to ask the Minister responsible for WCB why it is that WCB benefits end with the death of an injured worker. Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister responsible for the Workers' Compensation Board, Mr. Bell.

**Return To Question 50-15(3): Workers' Compensation Board Benefits**

**HON. BRENDAN BELL:** Mr. Speaker, for the pensions that are paid to workers, there are a number of different approaches that can be taken, but there really is no getting around the fact that when we look at pensions being paid out, the bulk of those pensions are paid for by deductions collected from employers. If we want to further enrich pensions of any nature, then we have to find a way to pay for it. As I say, there just is no magic and we have to make sure that the system is sustainable and can be afforded. So any additional changes that we might

propose to make we have to find a way to pay for them. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Delorey.

**Supplementary To Question 50-15(3): Workers' Compensation Board Benefits**

**MR. DELOREY:** Thank you, Mr. Speaker. Mr. Speaker, I suspect any pension plans are paid for by either employees or taxpayers as a source of revenue. What makes the WCB pension policy different than any other pension plan, such as Canada pension plan or any private pension plans? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister responsible for the Workers' Compensation Board, Mr. Bell.

**Further Return To Question 50-15(3): Workers' Compensation Board Benefits**

**HON. BRENDAN BELL:** They are pensions paid to workers to compensate them for injury on the job. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Delorey.

**Supplementary To Question 50-15(3): Workers' Compensation Board Benefits**

**MR. DELOREY:** Thank you, Mr. Speaker. Mr. Speaker, is this policy the same for any type of injury? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister responsible for the Workers' Compensation Board, Mr. Bell.

**Further Return To Question 50-15(3): Workers' Compensation Board Benefits**

**HON. BRENDAN BELL:** I would have to get back to the Member with further detail on the range of injuries and how they are treated by the pensions. I would make one point though that there are no taxpayer dollars, per se, going into these pensions. They are collected from employers. Recently, January 1, 2004, the governance council of the WCB did approve an increase of 3.35 percent for all pensions, helping keep the pensions in line with the cost of living. Thank you.

**MR. SPEAKER:** Final supplementary, Mr. Delorey.

**Supplementary To Question 50-15(3): Workers' Compensation Board Benefits**

**MR. DELOREY:** Thank you, Mr. Speaker. Mr. Speaker, it does appear maybe somewhat unfair if a person gets injured on the job and it disrupts the family income and then dies a short time after, let's say, that the income ceases upon the death of the injured worker. Would the Minister be willing to take this up with the WCB and look at this situation and see if there are any potential changes that could be made to the policy in this respect? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister responsible for the Workers' Compensation Board, Mr. Bell.

**Further Return To Question 50-15(3): Workers' Compensation Board Benefits**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. I'll certainly get the detail of these pensions and find out how spousal benefits and these kinds of things are affected, and what the current status quo, in effect, is. We can have discussion about that before we talk about improvements to the pension plan. I think it's best for me to find out exactly what the pension plan comprises. Thank you.

**MR. SPEAKER:** Item 6, oral questions. Mrs. Groenewegen.

**Question 51-15(3): Development Responding To Oil And Gas**

**MRS. GROENEWEGEN:** Thank you, Mr. Speaker. Mr. Speaker, my questions are for the Minister of Resources, Wildlife and Economic Development. As a number of Members in this House have stated, we're very pleased to hear that the Cabinet may be looking at forming a joint committee on pipeline-related issues, and that the terms of reference and how that's going to operate and what kinds of subjects it's going to cover is forthcoming, we hope sooner than later. Mr. Speaker, I don't think there's any doubt about the fact that we almost dropped the ball on the benefits related to diamonds, and now again it seems like we are not being as proactive and responsive to the next major opportunity coming down the pipe. Things like diamond production seem to be underway, but judging by the allocation of RWED resources we haven't yet expanded our focus to this new game in town, at least not to the extent that I think we should. I would like to ask the Minister what exactly is available at the present time to northern business and residents who are interested in various aspects of participation and benefits of oil and gas and pipeline development. Thank you.

**MR. SPEAKER:** Minister of Resources, Wildlife and Economic Development.

**Return To Question 51-15(3): Development Responding To Oil And Gas**

**HON. BRENDAN BELL:** First, I would like to say that I agree with the Member, that it's important for us to make sure that we get out in front of this file. The time is now and I know that this has to be a priority for this government and that it is a priority for this Cabinet. We have a whole range of business programs in RWED through the BCC, through Community Futures, through BDF funding, that are available to small businesses looking to take advantage of resource development, and that is no different for oil and gas. Thank you.

**MR. SPEAKER:** Supplementary, Mrs. Groenewegen.

**Supplementary To Question 51-15(3): Development Responding To Oil And Gas**

**MRS. GROENEWEGEN:** Thank you, Mr. Speaker. Those are things that have been in place for some time and will continue to be and certainly would cover almost any type of economic activity, but I'm talking about things specifically related to the potential impacts of the pipeline. Mr. Speaker, could the Minister tell me who is the lead Minister in our government responsible for coordinating



the interdepartmental efforts of this government related to pipeline development? Thank you.

**MR. SPEAKER:** Minister of RWED, Mr. Bell.

**Further Return To Question 51-15(3): Development Responding To Oil And Gas**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. I am, and so it will be me, as lead Minister, who will be working with the ordinary Members to talk about the terms of reference for our joint working committee. Obviously, other departments are playing an integral role through the maximizing northern employment program, the Minister of ECE, MACA has a role to play in helping small communities and all communities be more able to engage in pipeline discussions and build the capacity at the local level. Obviously there are some negative impacts from any development, and the Minister of Health plays a very key role in helping us address those issues. So there are a number of departments intertwined here, but I will have the main coordinating role as Minister of RWED. Thank you.

**MR. SPEAKER:** Supplementary, Mrs. Groenewegen.

**Supplementary To Question 51-15(3): Development Responding To Oil And Gas**

**MRS. GROENEWEGEN:** It's very nice to hear you have the support of your colleagues on that side of the House. In fact, I would like to say that I'm very pleased to hear that Mr. Bell is the lead Minister on this, because I also have a great deal of confidence in his ability, as he says, to get ahead of this file.

---Applause

**AN HON. MEMBER:** Hear, hear.

**MRS. GROENEWEGEN:** He hasn't had the job too long, but we are looking forward to what we are going to see come out under his leadership. Mr. Speaker, with respect to the activities directly under Mr. Bell's purview within the Department of RWED, what is currently pipeline related? I don't want to know about all of the general programs, it could be taken and applied to pipeline opportunities. What is available in his department right now? What activities are taking place specifically related to the pipeline? Thank you.

**MR. SPEAKER:** Minister of Resources, Wildlife and Economic Development, Mr. Bell.

**Further Return To Question 51-15(3): Development Responding To Oil And Gas**

**HON. BRENDAN BELL:** Thank you. We have a Mackenzie Valley development planning division. It is small and certainly needs, I believe, increased support, but it is working with DIAND and their pipeline readiness office so that we can develop some strategies for impact management. As these kinds of strategies are being formulated, I think it is important that we set the strategic direction at this level and have some control, and play certainly an advisory role in the development of these things. We did, jointly with DIAND, contract the McLeod Institute to sit down and develop options for collaborative approaches and strategies to manage these impacts that are caused by upstream oil and gas development. I think that there is some good preliminary work going on here.

We are doing some baseline wildlife studies, and some other things of this nature. Clearly, I think we need more resources brought to bear on this priority, and not just the pipeline, Mackenzie Valley development planning in general. I certainly think that it makes sense to have ordinary Members involved and engaged in providing strategic direction in this regard. Thank you.

**MR. SPEAKER:** Final supplementary, Mrs. Groenewegen.

**Supplementary To Question 51-15(3): Development Responding To Oil And Gas**

**MRS. GROENEWEGEN:** Thank you, Mr. Speaker. My final question for the Minister would be, by his own admission, the Mackenzie Valley development secretariat or division within his department is very small. It seems that perhaps there is still a lot of attention being paid to other files. I would like to know if there are any plans to expand that particular activity, and perhaps look at reprofiling human resources and financial resources from other activities to expand the role of the Mackenzie Valley development secretariat. Thank you.

**MR. SPEAKER:** Minister of Resources, Wildlife and Economic Development, Mr. Bell.

**Further Return To Question 51-15(3): Development Responding To Oil And Gas**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. I take it by the nature of the question that the Member would be supportive of such an initiative. I think the Member is aware that we are currently analyzing our program of service delivery to make sure it is the most efficient and most effective that it can be. I am planning to come back prior to the end of the month to Caucos and have some discussion about that program and service delivery, and some various options for improving that. So at that time, there will be some specific initiatives related to Mackenzie Valley pipeline development, and development in the region in general. Thank you.

**MR. SPEAKER:** Item 6, oral questions. Member for Sahtu, Mr. Yakeleya.

**Question 52-15(3): Youth Treatment Programs**

**MR. YAKELEYA:** Thank you, Mr. Speaker. Mr. Speaker, I am very concerned and I want to ask some questions about transportation, but I want to ask the Minister of Health, I will leave transportation for another day. I want to ask the Minister of Health about programs for our youth in our communities in the regions. I am very concerned because of the potential of the Mackenzie gas pipeline and the issues of youth treatment programs. I want to ask the Minister, where can we send our youth for drug and alcohol and addictions programs that we have issues in our regions in regard to this. I had a message this afternoon from one of our youth and there is a lot of concern in our region. Where can we send our youth for treatment programs?

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Return To Question 52-15(3): Youth Treatment Programs**

**HON. MICHAEL MILTENBERGER:** Thank you, Mr. Speaker. Mr. Speaker, we have some facilities in the Northwest Territories. We have Nats' Ejee K'eh in Hay River, which operates a treatment program. As well, the Salvation Army offers some programs. We also rely quite a bit on the services out of Alberta; Poundmakers and Bonnyville, to name two. We look at the individual needs and then we try to match them with resources that we are aware of and have access to. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Yakeleya.

**Supplementary To Question 52-15(3): Youth Treatment Programs**

**MR. YAKELEYA:** Thank you, Mr. Speaker. Mr. Speaker, I want to look at the possibility of having our youth programs more regionalized. Rather than send our youth out to institutions that are in Alberta, I am sure they are fine, but now we are looking at possibilities of having our youth participate in some home-grown regional treatment programs for themselves where their families can be involved and it could be right in their backyard. So would the Minister consider looking at some of those options for youth programs in the regions?

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Further Return To Question 52-15(3): Youth Treatment Programs**

**HON. MICHAEL MILTENBERGER:** Thank you, Mr. Speaker. Mr. Speaker, the whole thrust of the alcohol and drug and mental health initiative has been to focus on the community; dealing with families; individual community members at the community level; trying to set up programs and programs aren't necessarily in facilities. So, yes, I agree with the Member that we are interested in working with the communities to see what programs can be developed at the community level that will put the resources we have there to the best possible use. Thank you.

**MR. SPEAKER:** Final supplementary, Mr. Yakeleya.

**Supplementary To Question 52-15(3): Youth Treatment Programs**

**MR. YAKELEYA:** Thank you, Mr. Speaker. I appreciate the Minister's comments on the youth. Mr. Speaker, our youth today are really looking to us for guidance. A lot of youth have issues that sometimes get overlooked, or sometimes they get minimized. The youth are crying out for help, and I would like to ask the Minister, in similar response to the Minister of RWED, that we have interdepartmental meetings because the youth need to look at the overall big picture of how they are going to be affected. Would the Minister commit to working with other departments within this government to get a final message that youth are a priority and that their issues will be looked at in a way that would help them to be successful in life? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister of Health and Social Services, Mr. Miltenberger.

**Further Return To Question 52-15(3): Youth Treatment Programs**

**HON. MICHAEL MILTENBERGER:** Thank you, Mr. Speaker. Mr. Speaker, the Member's question is quite timely, and the reality is that, yes, we have services for youth scattered across the government. Health and Social Services has funds there, Municipal and Community Affairs, Education for sure, and we also have a Minister responsible for Youth. In fact, we had a meeting this morning to talk about that particular issue and a number of others as Ministers from departments that have a common mandate in the social envelope, to look at how we can best and more effectively deal with these issues. We have committed to meet before the end of the month to move this process ahead. So we look forward to being able to do the very thing that the Member has asked for, to give clear, government-wide messages and responses as to how we intend to deal with issues like youth. Thank you.

**MR. SPEAKER:** Item 6, oral questions. The Member for Yellowknife Centre, Mr. Hawkins.

**Question 53-15(3): Availability Of Legal Aid**

**MR. HAWKINS:** Thank you again, Mr. Speaker. Mr. Speaker, I rise again to bring forward a subject, which will be no surprise to all Members of the House, which is legal aid. Mr. Speaker, I have a question for the honourable Minister, Mr. Dent. As we all know, Mr. Dent has spoken quite directly by saying that some of the legal aid problems are due to resources, due to human resources as well as financial, and that we have quite a lengthy waiting list. To the Minister, Mr. Speaker, does the present system of legal aid enable and approve clients to seek out and engage a lawyer to speed up their access to justice, whereby legal aid will still pay for that service? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister of Justice, Mr. Dent.

**Return To Question 53-15(3): Availability Of Legal Aid**

**HON. CHARLES DENT:** Thank you, Mr. Speaker. Mr. Speaker, legal aid cases right now, almost half are taken up by the private Bar, and legal aid does pay the bill. It really depends on the assessment, whether or not the case will be handled within the staff lawyers or through the private Bar. One of the problems that we have is that there are not enough lawyers in the Northwest Territories in the private sector who are practicing family law. That has led to some problems with finding enough resources to deal with the number of cases that we have awaiting assignment. Thank you, Mr. Speaker.

**MR. SPEAKER:** Supplementary, Mr. Hawkins.

**Supplementary To Question 53-15(3): Availability Of Legal Aid**

**MR. HAWKINS:** Thank you, Mr. Speaker. I must say thank you for the excellent pare on that question. Mr. Speaker, my question again to the Honourable Minister Charles Dent would be is if we have an approved legal aid client, and they seek out a family law lawyer who is willing to engage their case, would legal aid still be willing to pay the bill? Thank you.

**MR. SPEAKER:** Minister of Justice, Mr. Dent.

**Further Return To Question 53-15(3): Availability Of Legal Aid**

**HON. CHARLES DENT:** Mr. Speaker, as I said there are a number right now that when they're approved by legal aid they are assigned to the private Bar. So a lawyer who doesn't work within the legal aid system as a staff lawyer takes on perhaps half of the cases. So that is in fact possible right now, yes.

**MR. SPEAKER:** Supplementary, Mr. Hawkins.

**Supplementary To Question 53-15(3): Availability Of Legal Aid**

**MR. HAWKINS:** Thank you, Mr. Speaker. I wish to say thank you to the honourable Minister. I guess I have some bad news for the Minister, because the clients out there are not aware of this and I wish to really stress that, that they are not aware of this. Would the Minister be willing to articulate that to all clients of legal aid, be it a simple phone call, that if they wish to speed up the process, they can engage in accessing a lawyer who will take on their case? Would the Minister be willing to do that and report back to the House on the actions taken? Thank you, Mr. Speaker.

**MR. SPEAKER:** Minister of Justice, Mr. Dent.

**Further Return To Question 53-15(3): Availability Of Legal Aid**

**HON. CHARLES DENT:** Thank you, Mr. Speaker. Mr. Speaker, it may not be as simple as the Member thinks. The private Bar is somewhat limited. I just talked to a member of the press today who told me that she had posed the question to all of the law firms in Yellowknife and found only two that were prepared to take on family law cases. In those cases, the tariff that was requested was higher than what is approved by legal aid. So the legal aid system will not pay a higher tariff than what is approved, and that really tends to limit the opportunity for speeding things up. We have to have more lawyers who are prepared to take on family law cases before we're going to be able to deal with some of the backlog. Thank you, Mr. Speaker.

**MR. SPEAKER:** Final supplementary, Mr. Hawkins.

**Supplementary To Question 53-15(3): Availability Of Legal Aid**

**MR. HAWKINS:** Thank you, Mr. Speaker, and thank you to the Minister for answering that question. Would the Minister be willing to up the ante and pay the proper amount to do service? Thank you, Mr. Speaker.

---Applause

**MR. SPEAKER:** Minister of Justice, Mr. Dent.

**Further Return To Question 53-15(3): Availability Of Legal Aid**

**HON. CHARLES DENT:** Thank you, Mr. Speaker. Mr. Speaker, the backlog that we have in family law has caused me a considerable amount of concern, and I have directed the department to work with the Legal Services Board to examine what the options might be for us to deal with that issue. That may include things like increasing the tariff for family law, it may include opening a second

office or a separate office to allow both sides to be represented, and it may involve hiring more staff lawyers. But in any case I would expect to hear back from the department with a range of options, and then I will have to work with my colleagues on the standing committee and, of course, the Minister of Finance to see whether or not we can afford those options. Thank you, Mr. Speaker.

**MR. SPEAKER:** Item 6, oral questions. Member for Nahendeh, Mr. Menicoche.

**Question 54-15(3): Preparing For Oil And Gas Development**

**MR. MENICOCHE:** Thank you, Mr. Speaker. I would just like to follow up on the honourable Member for Hay River South with regard to the pipeline readiness. Indeed, the 15<sup>th</sup> Assembly has shown that the government has shown it is ready and is showing it is ready, but I have always believed that the presence of the pipeline readiness office should be an impact area. I'm just wondering if the Minister of Renewable Resources is prepared to give some thought in that area about having this office in an impact area, preferably in the Nahendeh riding.

**MR. SPEAKER:** Minister of RWED, Mr. Bell.

**Return To Question 54-15(3): Preparing For Oil And Gas Development**

**HON. BRENDAN BELL:** Thank you, Mr. Speaker. The DIAND pipeline readiness office that exists is, as I understand it, not in the Nahendeh riding. I think that as we sit down to talk about our approach to meeting this development head on, we're going to have to have a good discussion about a number of these issues and where our staff resources can best be situated. I don't think we should rule out any options. This is the kind of advice I'm hoping this joint body, regular Members and Cabinet Ministers will provide. Thank you.

**MR. SPEAKER:** Supplementary, Mr. Menicoche.

**Supplementary To Question 54-15(3): Preparing For Oil And Gas Development**

**MR. MENICOCHE:** Thank you, Mr. Speaker. As I was saying, there's no doubt that we're ready to pursue this pipeline readiness office. I would just like to ask the Minister to ensure that the person years do indeed end up in the communities, because that's my priority. I would just like to ask the Minister to bear that in mind as we deliberate this new initiative with regard to being pipeline ready.

**MR. SPEAKER:** Minister of RWED, Mr. Bell.

**Further Return To Question 54-15(3): Preparing For Oil And Gas Development**

**HON. BRENDAN BELL:** Thank you. I certainly agree with the philosophy that the Member is espousing. I think it makes sense that our staff resources be on the ground in the communities, ready, willing and able to work with local people so that they can take advantage of this development. Otherwise, as we know, it will simply pass us by and I don't think that that's either appropriate or acceptable to the Members of this House. So I think the Member has made some very good suggestions, and they are suggestions that we'll have further discussion on as we sit down and start up this joint body. Thank you.

---Applause

**MR. SPEAKER:** Supplementary, Mr. Menicoche. Time for oral questions has lapsed. At this time I would like to direct your attention to the visitors' gallery and recognize Mr. Dave Grundy, a former RCMP member and now with the Workers' Compensation Board. Also the two ladies in the gallery; welcome to the House.

---Applause

Item 7, written questions. Ms. Lee.

#### ITEM 7: WRITTEN QUESTIONS

##### Written Question 4-15(3): Request For Travel Expenditures By Department

**MS. LEE:** Thank you, Mr. Speaker. Mr. Speaker, my written question is the Minister of Finance, the Honourable Floyd Roland.

Please provide actual travel expenditures on a department-by-department basis for the following fiscal years at your earliest opportunity: 1999-2000; 2000-2001; 2001-2002; and, 2003-2004. Thank you, Mr. Speaker.

**MR. SPEAKER:** Item 7, written questions. Mr. Braden.

##### Written Question 5-15(3): Land And Resources Devolution Negotiations

**MR. BRADEN:** Thank you, Mr. Speaker. I would like to address questions to the Honourable Joe Handley, the Minister responsible for the Intergovernmental Forum, in response to his statement earlier today.

With the signing last week by DIAND Minister, the Honourable Andy Mitchell, of the NWT lands and resources devolution framework agreement, could Mr. Handley advise:

1. Are all parties now fully prepared to engage in devolution negotiations?
2. Is the previously agreed to negotiation schedule, with an agreement by 2005 and implementation by 2006, still achievable?
3. What mandate has the GNWT assigned our negotiators in this critical process?

Thank you, Mr. Speaker.

**MR. SPEAKER:** Item 7, written questions. Member for Inuvik Twin Lakes, Mr. Allen.

##### Written Question 6-15(3): Private Power Generation And Sales

**MR. ALLEN:** Thank you, Mr. Speaker. My written question is to the Minister responsible for the Northwest Territories Power Corporation.

Has the Minister responsible made any proposals to the NTPC board to reform its corporate policy which would allow private power generators to sell their excess power to the power grid?

Thank you, Mr. Speaker.

**MR. SPEAKER:** Item 7, written questions. Item 8, returns to written questions. Item 9, replies to opening address. Item 10, replies to budget address. Item 11, petitions. Item 12, reports of standing and special committees. Mr. Delorey.

#### ITEM 12: REPORTS OF STANDING AND SPECIAL COMMITTEES

##### Committee Report 3-15(3): Standing Committee On Governance And Economic Development Report On The Review Of The Draft 2004-2005 Main Estimates

**MR. DELOREY:** Thank you, Mr. Speaker. Mr. Speaker, the Standing Committee on Governance and Economic Development met from February 19 to February 25, 2004, to review the 2004-2005 draft main estimates. The GED envelope includes the following departments: Municipal and Community Affairs; Resources, Wildlife and Economic Development; Transportation; and, Public Works and Services.

The government's corporate planning process, or CPP, continues to be a concern of the Standing Committee on Governance and Economic Development. Despite concerns raised by previous committees, the government does not appear to have made any changes to this process. The criteria for prioritizing projects remains the same. The evaluation process continues to be done by the Capital Review Committee, which is entirely comprised of deputy ministers.

The committee has the following concerns with the CPP which are similar to those of its predecessor in the 14<sup>th</sup> Assembly: One, the prioritization process which is lead by the protection of people and the protection of assets unfairly penalizes less developed and less populated communities. Two, cost overruns on large projects, a lack of adherence to maximum construction costs in some cases and major increases to the scope of existing projects have the potential to impact funding and timelines for other projects. Members are concerned that there may be an incentive for contractors to purposely bid low if they are led to believe by past practices that overruns will be approved later.

The membership of the Capital Review Committee is made up entirely of deputy ministers. Regional representation on the Capital Review Committee is non-existent.

Travel, departments were asked to cut their travel budgets by 25 percent as part of a government-wide reduction of expenditures. From the travel expenditure reductions the standing committee noted some departments still have enormous travel budgets, even after the cuts. For example, RWED's 25 percent travel reduction amounted to \$695,000. The committee believes further savings are possible. Suggestions from Members included using standing offer agreements, centralizing southern travel arrangements with existing resources, limiting the number of staff and others attending meetings and conferences, and making more use of telephone and video conferencing.

Members also noted that because travel is included in other expenses, the main estimates do not identify specific travel budgets. The committee understands that all travel needs cannot be forecasted a year in advance and that managers need some flexibility to allocate their

operations and maintenance budgets in response to the needs that arise throughout the year. However, Members believe that it should be possible to achieve greater transparency and accountability by instituting regular reports on all southern and international travel. Such reports would be a useful tool not only to committee, but also, one would hope, for Ministers and senior managers. The Standing Committee on Governance and Economic Development recommends that the government establish regular reporting for all southern and international travel.

New positions, Members noted increases to headquarters positions in some departments. For example, in RWED there is an assistant deputy minister's position that isn't on the organization chart and neither a director of informatics position. MACA has also overall increases of five headquarter positions.

New positions are of a particular concern both because of ongoing costs and because once positions are filled with permanent employees, it is difficult and expensive to cut positions later if priorities change. For this reason the committee would strongly urge departments to find money from within to fund any new positions that require new positions, perhaps by cutting initiatives that are no longer a high priority. The committee would suggest that if there are going to be position increases the effort should be made to locate them in the regional offices instead of Yellowknife. Finally, given our current fiscal outlook, the committee would urge the government to consider a freeze on new positions until the financial forecast is brighter.

Duplication of functions, committee Members noted several apparent duplications of functions and would encourage government to address these areas to realize some cost savings. Some examples include MACA's community governance division, which appears to overlap and duplicate some Aboriginal Affairs activities, some departmental information technology functions which have not been merged with the technology service centre, and the records management functions in departments which would perhaps be better coordinated across government. Other specific examples are explained in more detail later in this report under the appropriate sections for each department.

Accountability, as discussed earlier under travel, travel managers have the ability to move funding around between different categories of other expenses, such as travel, contracts, materials and supplies. The government is also able to reallocate surplus compensation and benefits funding resulting from vacant positions to other expenses. The committee recommends that in order to save costs the departments discontinue the practice of using funding from vacant positions for other initiatives.

The committee would welcome further discussions on whether the current financial administration guidelines provide the right balance between accountability and transparency on the one hand and allowing managers to manage on the other. Committee also has some concerns with this inconsistency on how some departments certain expenditures as it makes it difficult to evaluate program costs. Specific examples of this are: PWS and FMBS computer chargebacks, and how compensation and benefits for different programs are presented in the main estimates. This is further elaborated on under PWS compensation and benefits.

Finally, the committee would like to see a line item in the departments' budgets specifically for travel in order to better understand the magnitude of these expenditures. Mr. Speaker, that concludes the introductory portion of the report of the Standing Committee on Governance and Economic Development on the review of draft 2004-2005 Main Estimates.

**Motion That Committee Report 3-15(3) Be Received And Moved To Committee Of The Whole, Carried**

Therefore, I move, seconded by the honourable Member for Kam Lake, Mr. Ramsay, that Committee Report 3-15(3) be received by the Assembly and moved into Committee of the Whole.

**MR. SPEAKER:** The motion is in order. To the motion.

**AN HON. MEMBER:** Question.

**MR. SPEAKER:** All those in favour? All those opposed? The report is referred to Committee of the Whole.

---Carried

Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Speaker. Mr. Speaker, I seek unanimous consent to waive Rule 93(4) and have Committee Report 3-15(3) moved into Committee of the Whole for today. Thank you, Mr. Speaker.

**MR. SPEAKER:** The motion is in order. To the motion. Sorry. The Member is seeking unanimous consent. Are there any nays? No, there are not. You have unanimous consent under Rule 93(4) that Committee Report 3-15(3) is now moved into Committee of the Whole for today.

Item 12, reports of standing and special committees. Item 13, reports of committees on the review of bills. Item 14, tabling of documents. Ms. Lee.

**ITEM 14: TABELING OF DOCUMENTS**

**Tabled Document 2-15(3): 2004-2005 Operations Expenditures: Travel Expenditure Reductions**

**MS. LEE:** Thank you, Mr. Speaker. Mr. Speaker, I wish to table a document entitled, 2004-2005 Operations Expenditures: Travel Expenditure Reductions. Thank you.

**MR. SPEAKER:** Item 14, tabling of documents. Item 15, notices of motion. Item 16, notices of motion for first reading of bills. Item 17, motions. Item 18, first reading of bills. Item 19, second reading of bills. Mr. Roland.

**ITEM 19: SECOND READING OF BILLS**

**Bill 2: An Act To Amend The Income Tax Act**

**HON. FLOYD ROLAND:** Thank you, Mr. Speaker. I move, seconded by the honourable Member for North Slave, that Bill 2, An Act to Amend the Income Tax Act, be read for the second time. Mr. Speaker, this bill introduces a general corporate tax rate effective April 1, 2004. Thank you.

**MR. SPEAKER:** The motion is in order. To the principle of the bill. Do I hear a question?

**SOME HON. MEMBERS:** Question.

**MR. SPEAKER:** Question has been called. All those in favour? All those opposed? Bill 2 has second reading.

---Carried

Item 19, second reading of bills. Mr. Roland.

**Bill 3: An Act To Amend The Income Tax Act, No. 2**

**HON. FLOYD ROLAND:** Thank you, Mr. Speaker. I move, seconded by the honourable Member for Thebacha, that Bill 3, An Act to Amend the Income Tax Act, No. 2, be read for the second time. Mr. Speaker, this bill changes the individual tax rates for persons with taxable incomes in excess of \$66,492 for the 2004 taxation year and for the 2005 and subsequent taxation years. It also clarifies a provision of the Income Tax Act relating to individual income tax. Thank you, Mr. Speaker.

**MR. SPEAKER:** To the principle of the bill.

**AN HON. MEMBER:** Question.

**MR. SPEAKER:** Question has been called. All those in favour? All those opposed? The motion is tied. Therefore, I vote in favour of the motion. The motion is carried.

---Carried

Bill 3 has had second reading and is now referred to a committee. So Bill 3 has had second reading.

Item 19, second reading of bills. Item 20, consideration in Committee of the Whole of bills and other matters: Bill 1, Appropriation Act, 2004-2005; Committee Report 1-15(3), Standing Committee on Accountability and Oversight Report on the Review of the Draft 2004-2005 Main Estimates; Committee Report 2-15(3), Standing Committee on Social Programs Report on the Review of the Draft 2004-2005 Main Estimates; and, Committee Report 3-15(3), Standing Committee on Governance and Economic Development Report on the Review of the Draft 2004-2005 Main Estimates.

By the authority given to the Speaker by Motion 2-15(3), the House will go into Committee of the Whole to sit beyond the time of adjournment until the committee is prepared to report, with Mrs. Groenewegen in the chair.

**ITEM 20: CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS AND OTHER MATTERS**

**CHAIRPERSON (Mrs. Groenewegen):** I would like to call Committee of the Whole to order. The matters before us today are Bill 1, Appropriation Act, 2004-2005; Committee Report 1-15(3), Standing Committee on Accountability and Oversight Report on the Review of the Draft 2004-2005 Main Estimates; Committee Report 2-15(3), Standing Committee on Social Programs Report on the Review of the Draft 2004-2005 Main Estimates; and, Committee Report 3-15(3), Standing Committee on Governance and Economic Development Report on the Review of the Draft 2004-2005 Main Estimates. What is the wish of the committee? Mr. Allen.

**MR. ALLEN:** Thank you, Madam Chair. I suggest we conclude the Financial Management Board Secretariat and continue on with the review of the Department of Resources, Wildlife and Economic Development in that order, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Is the committee agreed?

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Okay. We will commence with that after a short break. Thank you.

---SHORT RECESS

**CHAIRPERSON (Mrs. Groenewegen):** Minister Roland, for the record, could you please introduce your witnesses? Thank you.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. To my right is Lew Voytilla, deputy minister for the Financial Management Board Secretariat. To my left is Mr. Rob Taggart, director of policy and planning.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. We're on page 2-45, government accounting, activity summary, operations expense, total operations expense, \$11.898 million. Agreed? Ms. Lee.

**MS. LEE:** Thank you, Madam Chair. May I ask for a breakdown under other expenses, please?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. We do have that information available. Government accounting, other expenses: travel and transportation, \$55,000; materials and supplies, \$77,000; purchased services, \$70,000; contract services, \$223,000; fees and payments, \$10,000; other expenses, \$97,000. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Ms. Lee.

**MS. LEE:** Thank you, Madam Chair. May I get a breakdown of the other expenses for \$97,000? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Ms. Lee. Mr. Roland, the Member would like a breakdown of the other expenses under other expenses. Thank you.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. That's the TSC chargeback.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you. Anyone else? Government accounting, total operations expense, \$11.898 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Agreed. Thank you. Government accounting, grants and contributions, total contributions, \$8.307 million. Mr. Allen.

**Committee Motion 2-14(5): Options For Measures To Stabilize Power Subsidy Costs, Carried**

**MR. ALLEN:** Thank you, Madam Chair. I have a committee motion, Madam Chair. I move that committee recommends the government bring back to the committee before the next draft business plan reviews options for measures to stabilize power subsidy costs at current levels. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Allen. The motion is just being distributed. We'll just give Members a few moments to look at it. The motion is in order. To the motion. Mr. Braden.

**MR. BRADEN:** Thank you, Madam Chair. I think this motion deserves some discussion to help the public and observers here in the Assembly put this in some context. The power support program is a government program. It really has nothing to do with the actions or the decisions of the NWT Power Corporation or other power providers in the NWT. It is the government's choice and has been for many years now, I think since the early 1980s, to assist those communities where power costs are extraordinarily high and it uses the Yellowknife base rate as a threshold. So if you're living in a community where the cost per kilowatt hour is higher than Yellowknife's rate, the government will subsidize the difference for the first 700 kilowatt hours in your house, or if you have a small business I think it's to 1000 kilowatt hours a month. So this is, I think, a reasonable and a realistic way. There may be better ways, of course, but right now this isn't a bad way, Madam Chair, of assisting customers with the very high cost of electrical energy.

However, the rate at which this program is expanding is of considerable concern to myself and I think this is what prompted the committee motion Mr. Allen just read a few minutes ago. We are looking at a difference of 30 percent in two years in the cost of this program. This is not because the government has changed any of the criteria, but it is because power rates are going up more and more as communities grow and customer numbers grow in the NWT, more people are eligible. We are all using a lot more electricity these days. So these seem to be the drivers. What we have to do, I believe, Madam Chair, is to find ways to stabilize or put some curb on the extremely high rate at which this program is growing. We're looking at total expenditures now of \$8.3 million a year. As I said earlier, that's a 30 percent growth in two years. We cannot afford to continue subsidizing this at this rate, Madam Chair. That is why we wanted to put this motion to government. I think rather than having a motion go forward to a vote and be approved with little discussion, I would like to put this to the Minister: We would like to have the government come back to us by the time the business plan review starts in the fall with options for ways in which we can stabilize the cost of this subsidy program. Will the Minister be able to do that? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. To the motion, Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I believe we will be able to come up with options that committee Members can look at. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Minister. To the motion. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Madam Chair. When I look at the cost of our power subsidy program and compare it to the revenues that we're receiving from the Power Corporation, the way we're heading is we want to balance our books and we're not balancing our books with this particular program. We're taking in \$4 million and paying out \$8 million. I think there are a couple of ways to do it. Of course, increase the revenue from the Power Corporation transfer payment and direct it towards the power subsidy program. At the same time, I do believe

that we will have to look at some constraint or even cap this program indefinitely. Perhaps the Minister can let me know if it's possible to increase the amount of transfer payments we receive from the NWT Power Corporation.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Menicoche. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. That would be the type of options we could come forward with. That has been looked at, but there has been a decision by past governments that we cannot drain those revenues from the corporation itself. It would bring the viability of the corporation into question as well as some of the other business they need to do. So governments have decided in the past to continue to top up this amount to continue this program at this level from our own general revenue fund. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. I'll just ask Members who want to speak to the motion to do so. The Minister doesn't necessarily have to respond to questions on this. Under the rules, technically, I suppose, he's already spoken to the motion twice now. Mr. Menicoche, did you have anything else you wanted to say here? To the motion. I have Mr. Allen.

**MR. ALLEN:** Thank you, Madam Chair. Specific to the motion again, I want to speak in the context of the cost to this government, as Mr. Braden pointed out. I believe that the power subsidies to the domestic and commercial consumers should be based on the fact that we need to really look at introducing levelized rates that would help cushion those hit hardest by crushing power bills. I also strongly believe that we have to retain some economic incentive to shift to more affordable, sustainable, environmentally-friendly power sources. I believe that if we were to use that model it would help reduce the power subsidies to those users. I strongly believe as well, from a domestic point of view, that the NWT Housing Corporation is one of the biggest consumers of power in our territory. Knowing the amount of inventory they carry, it perhaps contributes to the high cost of consumption.

The interesting point I would like to make in the context of speaking to the motion, Madam Chair, is the fact that there is quite a misnomer out there in the public that the high cost of delivering power to a little community like Colville Lake with a very small number of consumers is the reason we should levelize rates. I don't think that is fair to the large consumer base. I would again suggest through the motion that we look at different incentives to try to reduce or at least minimize the impacts that this PSP would have on our consumer base as well as government. Those are my comments to the motion. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Allen. To the motion. Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Madam Chair. I hope they don't turn the power off in Colville Lake yet. I would like to ask a question to the Minister in terms of the motion here. We're going to go into the regions and talk about ways the communities could look at stabilizing the power in the communities. There are a lot of good ideas in the communities that they would pursue to reduce this power subsidy. I think there is some really innovative thought out there on how to bring electricity down and save. I think there are some incentives that people could use in

small communities that would steer them to bring the electricity down, especially in my region. I hope that the government would look at that favourably in terms of bringing this to the committee before the next business plan. I would like to take on that challenge in the Sahtu to look at ways that we could cut down on our power usage in the region.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Yakeleya. If you have further questions to the Minister, we'll deal with it when we get back onto page 2-47 after we vote on the motion. Right now, are there any further comments to the motion?

**SOME HON. MEMBERS:** Question.

**CHAIRPERSON (Mrs. Groenewegen):** Question has been called. All those in favour? All those opposed? The motion is carried.

---Carried

Government accounting, grants and contributions, total contributions \$8.307 million. Mr. Braden.

**MR. BRADEN:** Thank you. Madam Chair, part of the subsidy program that we provide covers assistance to businesses. I know that businesses have to take the proactive step to actually fill out some paperwork and apply for this subsidy, whereas homeowners have it automatically calculated into their bills every month. I wanted to ask if the government could provide some information today, to the extent by which this corporate power subsidy is subscribed to and how much of the total before us, the \$8.3 million before us, is dedicated to a commercial subsidy. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I believe the figure for the corporate subsidy for small businesses, the uptake on that is approximately \$250,000. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Thank you, Madam Chair. That seems to me a low number. It is certainly a very small number of the amount of the total we are looking at. Can the department give me some sense of how many businesses take advantage of this? It doesn't seem to be subscribed all that well. Do you have any idea of the size of the subscription? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. We don't have the number of businesses subscribed. All we have available at this time is the dollar value of the subscription for the small business corporate subsidy. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Thank you very much. The departments or the aspect of conservation in here, Madam Chair, is there any one department or agency within our

government that has a mandate or a responsibility to promote conservation? Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Minister Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The department that has the principal area of responsibility for that section would be Resources, Wildlife and Economic Development. As well, the government has tied into the Arctic Energy Alliance as one of the areas of promoting energy savings. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Madam Chair, are there any targets that either RWED or the Arctic Energy Alliance have been assigned or have agreed on? Are we actually working toward some level of awareness and conservation in the growth of our electricity use? Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I don't have that information available, but I am sure the Minister of RWED would be able to provide that when his turn comes up here. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Thank you, Madam Chair. I don't know if this is appropriate, but given that we had a 30 percent growth in this program over the last two years, and that is from \$6.5 million in 2003, we are now looking at \$8.3 million in 2005. Is that a consistent growth rate? Should we be anticipating that this program is going to continue to balloon at this rate? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. We were not anticipating as large a growth in that section over the next cycle. The majority of the growth has been in adjustments for the rate riders, as well as the increased rates themselves, the changes in the rates. So that accounts for, I believe, over 80 percent, or around 80 percent of the increased costs. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Government accounting, grants and contributions, total contributions, \$8.307 million. I have Mr. Ramsay. Okay, thank you. Agreed?

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** I will move on to the next page, budgeting and evaluation, total operations expense, \$1.641 million. Ms. Lee.

**MS. LEE:** Thank you, Madam Chair. May I have the breakdown for \$221,000 under other expenses? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Ms. Lee. Mr. Roland.



**HON. FLOYD ROLAND:** Thank you, Madam Chair. Travel and transportation, \$12,000; materials and supplies, \$69,000; purchased services, \$19,000; contract services, \$113,000; and, fees and payments, \$8,000. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Total operations expense, \$1.641 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Agreed. Thank you. Budgeting and evaluation, grants and contributions, total grants, \$120,000. Mr. Braden.

**MR. BRADEN:** Thank you, Madam Chair. My colleague, Mr. Delorey, started to explore this one a bit the other day and I would like to continue in this area. First of all, I am wondering if the Minister could confirm the total extent of this debt settlement. Could you describe the total amount and over what period of time we are committed to this? Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The agreement is over a 10-year period, and it reduces every year on the principal amount. This year, as identified, we are seeking \$120,000 as part of our budget, and it drops; for example, 2005-06 would be \$105,000, and then the following year \$90,000. So it drops every year. The interest that we would forego is \$790,000 over the term of the agreement of 10 years. Again, we do get our principal back of \$2.6 million. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Thank you. The amount we are looking at here, is this the first of those 10 years' worth of interest payments? Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. No, this is the third year of the program. As well, after a five-year period we review if we will continue the interest fee portion. We will do that review after year five and decide if we continue along those lines. So right now we are in year three and, again, we will be doing a review of the interest fee forgiveness portion after year five. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Thank you, Madam Chair. The intent and the purpose of this, I think, is quite clear and it is quite justified to me that government felt it was appropriate to shoulder some of the cost and the risk associated with setting up secondary diamond operations in the NWT, and in so doing we then set out to set up appropriate business deals. Some of our research, Madam Chair, has indicated that when these arrangements were set up, or at least this particular one, I believe it was at the end of the life of the 13<sup>th</sup> Assembly, so we are going back five or six years now, and the House or committee was assured that conditions were very, very stringent, I believe is the word that was used at the time. So it would seem that if the GNWT had taken time and care and the due diligence to structure a

stringent loan guarantee with lots of protection for the taxpayer so that if something did go wrong, our exposure would be covered. We have here now a decision made by, I understand, the previous Cabinet to ignore the terms of a well-structured business deal on behalf of the taxpayer, and take and \$800,000 hit. Mr. Roland, I know you were not in that Cabinet at the time, but I really have some serious questions about why Cabinet would have made that decision if it had a business deal in place that would have returned to the taxpayer its exposure. Madam Chair, could the Minister offer some explanation as to why Cabinet would have chosen to ignore the terms of its own business deal and take this loss? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. As with every Cabinet that comes into power, they were faced with a decision as to whether they should collect on an agreement that was signed or if they would look at other opportunities or options that might be available to them. I can only suggest that this situation, the idea of keeping employment going, and keeping operations going, and still getting the principal amount back to the government was enough for Cabinet to decide that this was the best agreement at the time. There is still an operation ongoing, there are still jobs that are paying taxes as well. That was part of the puzzle and is existing today. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Madam Chair, is it the policy or the routine that whenever a business deal that we are involved in with some kind of risk on, do they always go before Cabinet for this kind of assessment to see whether they should be forgiven or not? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The loan guarantees we have on the diamond industry businesses would come before Cabinet. On any of those, if there was any change in the patterns or there were concerns, it would have to come back to FMB because it is a money issue and the guarantee is through FMB. It would come before FMB if there were any concerns that arise over the business of that facility or one of the companies that has a guarantee in place, that would come before FMB for discussion and any decisions. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Thank you, Madam Chair. I am kind of curious about other agencies of the GNWT that also do lending and from time to time have deals that go wrong. What I am looking for here, Madam Chair, is just testing for consistency and application of policy or approach in assessing whether or not indeed it is it worth the taxpayer taking a hit and to what extent does Cabinet always have discretion. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. In the business cases, for example the Business Credit Corporation, they would have their own discretion in setting up their arrangements operating within the budgeted amount that they have. Because this was an issue of a new industry, that there was not any real information known within Canada and banks were hesitant to become directly involved without some support through a government mechanism, it was felt that this was the best avenue to take in this situation and we continue to carry that on through the commitment of our guarantees. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** This aspect of protecting the jobs, it is not as if the company that suffered these problems was the only game in town where we have to protect the last swan hill or the last mine going here. There are indeed other companies that need these kinds of workers. So I don't know that I entirely support the contention that the taxpayer is taking an \$800,000 hit here to protect some jobs. Would the Minister care to comment or agree or disagree with me that that is really a good argument? Did these jobs really need protecting? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. It is hard to debate the decisions after the fact of what is the best judgement to use, but in my case going forward, I would have to look at all of the options put before me and decide if in fact the best interest of the Government of the Northwest Territories would be to continue with the arrangement made and collect on our guarantee, or would it be best to try to come up with another alternative arrangement that would still see some benefit, both to government and to the industry. Then I think we would have to take that at the time it would come forward. So based on that, as I said earlier, not knowing the atmosphere of the day and all the points that were considered, it would be difficult to discuss and come up with sort of a theoretical approach that would be used 100 percent of the time on every occasion. It would be, I think, case by case as each situation would come forward. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. I am going to move on now to Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. The first question I have for the Minister is going back to the grants-in-kind. I want to know a little bit further about that. Why does it have to show up on our books as a grant-in-kind? To me it is bad debt and it should be dealt with in a different manner than it appears here, and maybe the Minister can explain why it shows up as a grant-in-kind when in reality it is a bad debt.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The process used is one where we as a government would give any type of assistance to any company. We would have to account for it as a grant-in-kind. If we were to forego, for example, the principal and not have any other action in mind, then we would start falling into the

category of debt or bad debt situation. We are receiving and will be paid out the principal, but to have that arrangement made, the government has foregone the interest portion of that payment and it is considered as a grant-in-kind. It is helping a business stay active and that is the consideration in how we would account for this. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. I have a couple other questions. At the end of the five years, the ability to pay the party will be reassessed. What criteria is the government going to be looking at when they take a look at a review of this file? What is going to be on the table after five years? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. One of the critical areas we would look at is the ability for the parent company to be able to pay the principal plus the interest portion and keep them as a viable business operation. So we would look at those factors and decide whether or not to tack on the interest to that. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. That would lead me to my next question. I know we are put between a rock and a hard place on this, but maybe the decision was made because it was thought to be the best decision. But what is the structure on the repayment of this loan of the \$2.6 million? Where is that going to be after five years? What will be the principal after five years?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I believe we would be in the area of \$1.1 million. I believe that would be at the fifth year when we look at the issue again. I'm sorry; we are looking at \$1.5 million. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. So the \$800,000 represents the interest for the first five years alone. Is that correct?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. No, that is the full term of the agreement, \$790,418 for the full 10 years. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. So what is the interest to the period of five years when we will reassess this negotiated settlement?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. We will do a quick addition. We will be in the area of \$440,000.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. It just doesn't really leave a good taste in my mouth, you know, how this transpired, but if we are going to reassess it we are going to reassess it at the end of five years. The other difficult scenario that I have with this is I don't believe the Minister believes that this is going to set a precedent for other guarantees that are out there, and I really do believe that it will and I know he has said that each debt is going to be treated differently. If we are treating this one as nice as we are, I can guarantee you that some of the other guarantees out there, if they go sour, we will be in the same situation based on the decision that was made by Cabinet on this. I would like to hear from the Minister on how he believes that no precedent is being set in this one.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Again, it's difficult to get into a debate about what may happen in the future, but business by business we would look at the viability of an operation. I don't believe by treating this one as such there may be some expectation by companies but not on behalf of government. We'd have to look at the whole business. If we started having the other businesses that have set up begin to fail in a row, then we would have to re-look at the whole situation as a government. If it can't stand and if more businesses than one can't stand on its own, then I think that really draws the question of whether it makes sense to then continue to try to prop up industry that doesn't have the possibility of growing and becoming stable on its own. So right now it is one business, there are three others out there. Two of them have guarantees with our government and one is standing on its own, it is set up on its own and operating here in the Northwest Territories. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** One final question, Madam Chair. It goes back to the other guarantees that this government has out there. I am to believe that one of them is with one of the top five cutting and polishing producers in the world. What would necessitate this government having a guarantee with a company that large? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I am unable to comment on what a decision of the 14<sup>th</sup> Assembly would have been and why they would give this guarantee out again. I can only surmise that because it is a new industry here in the Northwest Territories that the companies formed in the Northwest Territories under their own sort of banner tied to parent companies, but at the same time, I can't go back and debate their decision of the time. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. I have next Mr. Hawkins.

**MR. HAWKINS:** Thank you, Madam Chair. Madam Chair, I think Mr. Ramsay was heading in the right direction and I think he sort of found the nerve that I know I certainly was looking for. I can appreciate that the territorial government was willing to open up the welcome mat to many international companies by saying here you go, we will work with you, but \$800,000 in total is still a big number. I am sorry; that is a lot of money. How I see it when he stresses that this is not a precedent, this won't set future precedents, well I am concerned because you know what, once we do this it is a fact, we have set it in stone, I mean this is chiselled here forever. Eight hundred thousand dollars could do a lot. I have said over and over that we need more support for legal aid. Foregoing \$120,000 could have hired maybe another lawyer or could have done something out there. So as far as I see it, saying goodbye to this interest seems to be a bit of a shame. So I need the Minister to clearly tell me how this doesn't set a precedent. Because you know what, all of the other diamond companies know what is going on here. The whole community knows what is going on here. So can he prove to me how this isn't setting a precedent, because I believe it is. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Madam Chair, every company that came forward to this government came forward on its own basis, on its own merit, and with a business plan that wasn't identical to the next party and it has operated in that fashion. Number one, it does not set a legal precedent and, number two, Cabinet would take each one case by case and go forward on that basis.

Madam Chair, even if we decide as this government -- the 15<sup>th</sup> Legislative Assembly has a different appetite than that of previous governments -- well, we have changed directions, previous governments had a different philosophy about how to do things and how to proceed. We now, as the 15<sup>th</sup> Assembly, have adopted our own style and are going forward on that basis. The agreement was signed and if the wish of Members is to have this removed, all that would cause is for us to eat it internally. The agreement is signed, we did it internally, and it would be spent. It still wouldn't provide any further money than is already established in our budget. So it is unfortunate we find ourselves at this time going forward with this initiative, but it is something that is signed and in place, and we are going to have to deal with it and proceed on that basis. If the Assembly feels that it is not wise to go forward on this and didn't want this, we would have to try to find it internally somehow to keep paying this and see what options were available to us before the five-year period and the time came for us to review the whole agreement. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Hawkins.

**MR. HAWKINS:** Thank you again, Madam Chair. I still have some significant difficulty with this. Why are we not chasing the parent company on this? Why are we not calling in something? By renegotiating I think we are negotiating with our own money by negotiating backwards by saying well if you can't come up with this we will come up with this lower number. Now we are down in the principal being thankful. Are there steps being taken to chase the parent company? Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. We in fact did go to the parent company and that is who is making payments on the principal amount. So we have gone beyond the actual business itself, gone to the parent company because they did provide a cross-guarantee, and we've taken them up on the offer that was put forward. So we've done that. The agreement is signed and we're committed to that. Whether there's acceptance or not, the fact is it has been signed and we're tied to at least the first five years of this agreement and we're going to go forward on that basis. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Madam Chair. If the parent company is willing to recognize that they are in default or in a position where they can default on the interest payment as we've re-skewed it, and made the payments strictly on the principal...What is the cross-guarantee and why do they not recognize the whole amount, interest included with the principal? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The settlement that was negotiated was negotiated with the parent company. Again, the government of the day decided that was the best option to go forward with. They signed the agreement; it is now in year three of that agreement, and we have a couple more years before we can revisit it and reopen it to see if we want to try to collect the amount. It goes back to the parent company if we feel that we can gain all of the resources that we think are required, or if it's best to get the principal back and go forward on that basis. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Madam Chair. Does the Minister know how many employees are employed by this company, and is it operating today?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I am aware that the parent company is still in operation; I'm not aware of the actual number of employees who are still with the outfit and doing the duties that were part of this agreement initially. I am aware that the parent company is involved and is still in operation. I could work on getting the numbers for the Member; the number of employees working in this section of the diamond cutting and polishing. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Madam Chair. Actually, I will take the Minister up on that commitment. As far as the agreement, I can only assume, and I'll get the answer from the Minister, that we're legally bound to accept this agreement until two more years from now. Is that correct?

That would be the fifth annual cycle of the forgiveness of the interest, is that correct? Legally bound.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Clarification on the earlier question, we will try to get that information, but part of the deal was the parent company bought the shares out from us for the \$2.6 million. So it would be on their good graces that they would provide that additional information. Yes, we are legally bound to the agreement to year five until we can possibly renegotiate that agreement. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Madam Chair. I guess with all the bellyaching, we're in a position of accepting it, regardless of the situation. So whether we like it or not, we have to forego this interest. The Minister had indicated one is standing on its own. He said that at least two or three times. I'm not about to pull the official transcripts to reference what that meant, but I would like to know what "one is standing on its own" means. Does that mean the other diamond cutting plants are in a position where they may be in a critical position? Could the Minister elaborate on what is "one is standing on its own"? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. To get it in the proper context, I said there are three other facilities operating. Two have guarantees with our government. One is standing on its own. It did not require any assistance or guarantees. They had the resources to establish on their own and they are working on their own. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Madam Chair. If three out of four diamond cutting plants -- if I understood that correctly and don't hesitate to correct me -- are in some situation where they are receiving guarantees or assistance in some way, how many have outstanding loan payments? Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. I assume you mean overdue loan payments. Thank you. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. These are guarantees and none of the other guarantees have been called, so it's not a matter of loan payments. The only reason this comes up as it is structured is because a settlement was negotiated and it has to be recorded in this fashion, because we're foregoing the interest. But all the other guarantees are in place, they haven't been called so there are no payments that are outstanding. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Hawkins.

**MR. HAWKINS:** Thank you for recognizing me, Madam Chair. If the Minister could provide a little further clarity on

that. Do we still have outstanding money on these? I didn't quite understand his reply. I think I understood it as we're not expecting annual payments or monthly payments on that, or maybe he could clear up the answer a little better for me. How much in total is outstanding on all guarantees at this present time? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you for your final supplementary question, Mr. Hawkins. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The only time a loan guarantee comes into effect is when a company does have problems and there's a call on the actual guarantee from a financial institution or another company that is directly involved. That's why there are no loan payments. It's not a loan with the government. The only reason this shows up as it does is because there was an agreement signed that broke it down into payments over a 10-year period.

The amount we have outstanding in the two other guarantees totals approximately \$17 million. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. I have Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. A question I would have for the Minister is how does the treatment of this interest debt compare with practices by government with respect to other clients who fell on hard times? Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I would seek a little bit more clarity. In some cases, are we referring to other sorts of financial arrangements of guarantees, or are we referring to normal practice, government business ongoing, student financial assistance or things of that nature? I'm not sure. Could I get more clarity? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. I guess what I'm getting at is the issue of fairness and transparency. Has the government put companies out of business for less than this? At first glance at this situation, Madam Chair, it does depend on who you are. That shouldn't be an issue here, but apparently, by the looks of this, it does depend on who you are. I think that's the question I have for the Minister, is does it depend who you are and where you're at when you fall on hard times, whether or not the government is going to be there to help you out.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Madam Chair, each case would be reviewed on its own merits. I can't speak for previous governments, but there have probably been decisions where the government has gone after what it feels is its right to do. But there also have been numerous negotiated settlements, depending on the case of the day, the atmosphere of the day, what the government felt it could get out of it and go forward from there. We're in the early days in our government and

this is an agreement that is already existing. As part of our budget process and being transparent, this is highlighted so that Members are aware of this situation ongoing and going forward. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Next on the list I have Mr. Braden.

**MR. BRADEN:** Thank you, Madam Chair. I fully understand that this deal is done, there is no annulment going on here. But clearly what I and committee Members are seeking out here is application at the Cabinet level, the FMB level, of its discretion to give over on business deals that it has already made. It was the rule at the time -- and I'm assuming it was followed, I wasn't here -- that when FMBS makes a guarantee that exceeds, I believe, \$500,000, Members are given notice and have a couple of weeks in which to comment or confirm such a deal. If I am correct on that, Madam Chair, I've seen this kind of thing.

I guess as an MLA, when I do see that kind of thing, I would look at it with the assumption that this is a business deal and we're taking a risk along with our partners, but we're taking that risk with taxpayers' money. If the deal is not going to work, if that is its fate, that's too bad. But the taxpayer should not have to take that kind of loss if we've structured the deal in such a way that there is adequate collateral and a guarantee so the taxpayer can go back in and recover its exposure.

So in this situation, we had what we were assured was a stringent deal, brokered by the Minister of the day of the 13<sup>th</sup> Assembly; stringent deal, Madam Chair, and then all sorts of other conditions that were followed through. At the end of the day, Cabinet said we don't think we need to fully protect the taxpayer on this deal, we're going to swallow \$800,000. What guarantees can this government give me that if another deal comes along, it's not going to be subject to some kind of discretion behind closed doors? I don't think the rules call for permission to come to us if the deal goes sideways. So there are some inconsistencies here and some things that could go on in the future. I need some assurance that we're not going to be left in the dark and the taxpayer won't be unduly exposed. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Number one, I would have to disagree with the Member's comment about the government not doing its duty on behalf of protecting the taxpayer. As Cabinet is sworn in, we take an oath. Every government, every Assembly has taken an oath to do its part and do the business of governing in a way that follows the rules of governing. If there are occasions that that hasn't been followed, then we as Members of the Assembly have to pull that into question and possibly take someone out with non-confidence. Let me assure the Member that I don't intend to put myself and my Cabinet colleagues in a position of having to be questioned in that manner. We will do our work with due diligence to ensure the best decision is being made on behalf of residents of the Northwest Territories.

I can't speak for past governments and what they've worked on and why they arrived at a final decision, but my duty here for the 15<sup>th</sup> Assembly is to ensure that the deals

we do have are deals that are viable going forward. From this discussion that we've had on this amount of the budget, I would take to my Cabinet colleagues that we must be very wary of any deal going forward, whether or not the debenture being looked at is a risky one. But I also have to remind Members that we have a number of lending agencies within this government that do not have a very good record of its loans. We have examples of the Business Credit Corporation, the NWT Development Corporation, which has built in subsidies for salaries and so on. So we do have programs within the Government of the Northwest Territories and we know there are going to be some losses and we account for that.

In this case, because it was a new industry -- diamonds in Canada, never mind the Northwest Territories -- governments decided this was the avenue to take. We will continue to honour the process of informing Members of any new commitments or guarantees that will be provided. We will continue to honour those things and I'll commit to the Member if any case comes forward to myself as Minister and to the FMB, we will be using due diligence to ensure that the taxpayer is protected in this whole exercise. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Thank you, Madam Chair. As FMBS is required to come back and seek our concurrence if it makes such a loan or undertakes such a guarantee, would the Minister then agree to come back and seek our concurrence if indeed an extraordinary deal has to be made? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I hope when the Members elected me into this position that they trusted me enough to be able to act in accordance with the rules we have established in protecting the interests of the people of the Northwest Territories. I would commit to informing the committee of potential situations that might occur, and inform Members as events might occur. But Cabinet would have the ultimate decision as to what would happen there. That's the way I would go forward. Before a decision was made, I would do my bit and inform Members of a potential situation that is out there. I hope that I don't end up in that situation, but in case it does arise, I will be prepared to go to the committee and inform them of a potential situation. But then I would also go back to my Cabinet colleagues who would have to make that decision. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Madam Chair, we are in the third year of a 10-year agreement to see some \$2.6 million in principal paid back to us to satisfy this deal. I'm assuming here that we have again another stringent deal in place and that we're going to be covered. Given the history of this particular account, if there are some further difficulties here, is the Minister going to have any hesitation at all about moving on this? I'm assuming we have \$2.6 million worth of security in place that we could act on if there are any further difficulties. Will we do so if there are future difficulties? Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. In this specific case, we would have to look at the situation. Let's say that things go well for five years. We would have to review the situation in five years and decide if we will continue with the existing arrangement. If something were to occur that did not meet our needs, then we'd have to act on what we have available to us and not put the money of the taxpayer unduly at risk. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. I have on the list Mr. Hawkins. Mr. Yakeleya has not spoken to this yet. Would you agree to defer to Mr. Yakeleya until he has a chance to speak to it? Thank you. Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Mr. Hawkins. I want to speak about this process here. The deal is done and it's no use flogging a dead horse.

---Applause

It's something that we have to bite the bullet on. What I want to talk about is something like this in the small communities. Sometimes the small communities have these aspirations and they look at new initiatives and it's risky; it's risky going into business. Sometimes the banks are a little shaky about going into business with the community organizations. I guess the government of the day did their homework and thought it was a good deal and a good thing to work towards. Little did we know that we were going to be talking about this today and talking about the situation we're in right now.

I hope because of this, that this does not stop our government from looking at other initiatives that the people may have with regard to the diamonds or the pipeline, that this government will look at and carefully consider going into any types of deals like this that they would take due diligence in terms of working with the organizations or communities in terms of supporting them. That's what the communities look for. Sometimes the banks just will not go into a good business deal unless they have some kind of support from some larger organization such as the government. I want to ask the Minister in all of this, what type of assurance can he give the organizations or communities that they will still continue assisting some of the organizations or committees the best way they can through this process, and not use this to stop helping the committees or organizations. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Yakeleya. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Madam Chair, the Member has highlighted a number of areas that are critical in the sense of how we would step in to try to assist. We would use due diligence to ensure that the business deal going ahead was something that was viable in the sense of giving it an opportunity of coming into existence. Saying that, we realize that in any of these ventures where banks tend not to become involved there is risk, and we have to measure that risk that the Assembly is willing to accept. If Members are supportive of initiatives going forward and willing to accept that, we, as an Assembly, would take on certain amounts of risk, then we would go forward on that basis. It would be a

concern if we were to engage in some of these business ventures where the risk was too great and the return almost not going to happen.

So I think we have to use due diligence but, at the same time, we recognize as a government, through many of our programs, that there is a need to support the small business in the small communities and try to do what we can as a government to encourage development. It's either that or we decide as a government to become sort of a social enterprise of helping or keeping people in a certain style of doing business. I think we have to recognize there's going to be an amount of risk in some of these areas in communities, and we have to look at it case by case, ensure we use due diligence, and provide the right amount of support; to ensure that, if we do go through a process of lending or guaranteeing money, we give the right support so that a venture would be profitable and be able to prosper. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Yakeleya.

**MR. YAKELEYA:** Madam Chair, I bring this up because of the potential of a resource development that's going to be happening between now and the next four or five years down the Mackenzie Valley. A lot of organizations or small businesses will be looking to this government for some leadership. I applaud the Members for the questions because we have to protect our taxpayers, and there are some questions. That's the leadership that we're looking for in this government; to question some of these ventures while also learning from them. We are going to see down the Mackenzie Valley that there are going to be ventures in the Pipeline Group in terms of organizations getting into business. Some of them are going to be pretty shaky, some of them are going to be pretty solid and some of them are going to be pretty good. I've dealt with them in the Sahtu region, and some of the banks are going to want their first born, your second born and your third born. Just give a government born to some of them. That's the way the deal is done.

I want to say that this government...At that time, this may have seemed like a real good deal; it just happened to fall this way and now we have to deal with it. This was done a couple of assemblies ago, and now it's ours and we have to take responsibility and deal with it and look after the taxpayers. So I'm saying there are some new initiatives and a new standard for how this is going to be looked upon by this government. Basically, we have a heads-up on our side in terms of how things are going to be looked at. It's a hard one to swallow, but we have to swallow it and continue on. I'm not going to harp on it so much; I just hope the regions are going to look at potential work along the Mackenzie gas pipeline, and that we have some assurance that this government will continue with the leadership and continue with providing the best kind of programs in terms of getting into ventures like this. I guess that's what I'm looking for from the Minister; assurance that he will continue looking at programs for our regions.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Yakeleya. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Our government will do what it can within our fiscal capacity to help small business along and develop and take advantage of the development that's happening in the

Northwest Territories. Because I have had the experience in the Legislative Assembly in prior assemblies, I understand the phrase about the government cannot be the engine of the economy, but at the same time we do have to be of assistance to the small businesses. So we will do what we can, we will apply due diligence, and in some cases there will be those saying that we are being too stringent. But at the same time, we want to protect what we have as a government. As stated by Members here, we have to look at the taxpayers' dollars and ensure that we're doing our best; that we're making the right decisions. So we will do what we can and we will do so within our fiscal capacity. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland, and thank you, Mr. Yakeleya. I have a couple of other new names that have been added to the list now, Mr. Hawkins, so I think I will go to Mr. Delorey.

**MR. DELOREY:** Thank you, Madam Chair. I wasn't going to say anything on this because I think, as some Members have mentioned, it's a dead horse or maybe an issue that's done and over with and we're stuck into this agreement. But the more I think about it, the more I have to put it on record by saying that the Minister talks about protecting the public interest and he mentions the banks that were leery about getting into this type of a business. I don't think that what we've done here does anything to assure the banks that this is a viable business to get into and support in the future.

One thing that I brought up in the last Assembly on a number of occasions and tried to get more clarification on from the government at that time, was the fact that when some of these deals were put together and the government gave loan guarantees, I heard that there were proponents out there that had business deals with the government that didn't require any government funding, no loan guarantees. They had all the money, public money, to put into setting up a business. But it wasn't in Yellowknife. It brings to mind the question of was it a good business deal on the government's part to support these businesses over ones that didn't need government guarantees, or was it just political favouritism? The government is not even admitting now that they made a bad deal. Even if the Minister could at least come forward and say we made a bad deal, but what does it say to the ones that put the money together without even having loan guarantees to put a business case together? This one business was put forward and supported from the government before one that didn't need any government money. So would the government at least admit that they made a bad deal? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Mr. Chairman, I guess I could say if I was a part of the debate and took part in that, I could say then either a good, bad or unwise decision was made. But I can't accept that because the previous decision was made. All I can do is go forward on this basis and ensure that the 15<sup>th</sup> Assembly protects the revenue base we have, and that's from the taxpayers of the Northwest Territories and of Canada, because we still get 75 percent of our funding from Canadian residents. So we do have to work to do that. But as to admitting a bad decision was made, unfortunately I wasn't at the table. I don't have the details of what was discussed and what decision was made and

what caused them to do that, as well as the decision of what company to invest in and so forth. That again was made by a previous government, previous Assembly. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Chairman. I guess that's an easy way out for all of us, but we're still here to represent the public and how we handle the public purse. Whether it's a decision that was made in the past doesn't mean that we haven't any say in it or that that makes it right. I know it was mentioned before that to make these loan guarantees, I think it was anything over \$500,000, the Members had to be notified of that. But in making a deal that's worth \$800,000 of public money, the Members didn't have to be notified of that. So how do you get around that discrepancy? Why would the Members not have been involved in that deal that forgave \$800,000 of taxpayers' money? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Mr. Chairman, I don't know what else I can say here to the fact that this decision was made, the agreement put in place to notify Members of new guarantees. At that time, there was no requirement, as there is right now, there is no requirement through those guarantees or those establishments or reporting structures to notify Members besides the normal process of the House, through the budget exercise, through supplementary appropriations or transfers of loss. I have committed myself, as Minister, when an issue of this nature arises I will meet with the committee to inform them of a potential situation. Again, I will go back to the fact that the FMB and Cabinet will have the final say, as is the process now. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. I have Mr. Hawkins and Mr. Braden but, Mrs. Groenewegen, I think we'll allow you questions on 2-51 if that's okay with Mr. Braden and Mr. Hawkins. Mrs. Groenewegen.

**MRS. GROENEWEGEN:** Thank you, Mr. Chairman. This is a very interesting debate taking place here, and I accept the fact that the government is here to perhaps invest and support businesses which are of a higher risk that wouldn't normally get off the ground. But what I'm concerned about is consistency. This was one of a number of loan guarantees that were put out there in order to encourage this secondary diamond industry. Interestingly, as my colleague from Hay River North has said, it was all concentrated in Yellowknife.

When I compare that to some of the other moves that the government has made... For example, the closure of a \$3 million abattoir built with federal and territorial money in Hay River which was just on the brink of becoming self-reliant. After \$3 million was invested and lots of hard work in the community, they came there and slammed the door shut on that place and sold it, I think for about \$150,000 on the Hay River Reserve. When you see that kind of thing happening -- I could give examples of the sawmill in Fort Resolution and there are other risk ventures in the Northwest Territories; the government, I believe, acted in good faith and had good reasons why they embarked on

these things -- it makes some of us wonder about consistency and fairness.

As my colleague from the Sahtu, Mr. Yakeleya, says he hopes the government continues to recognize itself as a backer and a supporter of ventures in the North which might result in economic development which may not be particularly well-received at traditional lending institutions. So we've got quite a diversity of opinion here. But I guess I would have to say that the folks of the day who entered into these agreements did so in good faith, thinking that these were going to be ventures which produced jobs and economic activity. It's just unfortunate that they didn't have such a generous thing happening on a few other types of projects in other places.

But having said that, I think we've learned a lesson here and I have confidence in Mr. Roland's commitment to, in the future, make sure that ordinary Members are involved in these kinds of discussions. I just see it as a thing I could debate on either side. Sometimes some investment and some risk taking is necessary to get things off the ground; on the other hand, we don't want to see a cavalier kind of casual approach to these sorts of things. So we want the government to provide that kind of due diligence, because we are dealing with public funds here. There has to be some middle ground. Occasionally, I guess, things aren't going to pan out exactly the way we expected. My worst-case scenario, my worst fear is that we would ever be in a situation where decisions were made behind closed doors that would show political favouritism for the sake of favouritism, and the same kind of consideration wouldn't be extended to other types of industry, other types of activity. I guess we'll keep a close eye on things. I don't really have a question, just a comment that we will keep a close eye on things.

I do appreciate the commitment of the Minister to keep a tight rein on this sort of thing, because this is the very thing that can get a government into a lot of trouble, where it looks like one client is being treated in a different way than another client and where it looks like there is political interference. So I think this is a lesson learned for all of us to be very diligent in considering these things. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mrs. Groenewegen. I guess that was a comment, Mr. Minister. Moving along, Mr. Menicoche would like to ask some questions. Mr. Hawkins and Mr. Braden, if I could go to him first. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Mr. Chairman. Thank you, colleagues. I was just listening to some of the debate and this is kind of reeks of favouritism and connotations but, like everybody else says, the deal is done. What happens if this hits the paper and I have several constituents out there who do owe some small business loans. We are using the fullest extent of our system and law to chase them for their \$5,000 loans or their house and children, yet...

---Laughter

...when it comes to the hundreds of thousands and millions of dollars, you were willing to bend over. I would like to ask the Minister, how does our government treat the little guy. Why can't we give them just as much favouritism? Those are the questions I am being asked and being held accountable for. Why are you doing that



for the big guys, yet I have to lose my livelihood and business? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Menicoche. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. There are definitely many examples of unfortunate incidents or occurrences that involve this government and individuals across the Northwest Territories. There will be other examples of when things don't work out, but there will be many examples where we can show the little old lady who couldn't come up with her rent and we have extended the program; we've done those things in the past. This is another thing that's been done in the past that we are having to deal with as the Legislative Assembly to honour that commitment going forward.

All I can do from this point going forward is to assure this Assembly and all the Members here that, as a government, we are taking your comments very seriously. We are going to, as we go through the process and somebody has a difficulty in how they operate, start holding the accountability factor at the same level. It might be on the other side when Members feel that accountability measure being put to somebody in their constituency, but it is going to be a requirement and we are going to hold everybody to the same level here.

Favouritism is not the name of the game. I can't speak for past assemblies, but for the 15<sup>th</sup> Legislative Assembly, I will do my part to ensure that we are treating people with the appropriate level of care and due diligence that is required of our government. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. As I sit here and acknowledge that the deal is already done and it's long past and we have to wait a couple more years before we can re-evaluate this, I have some closing comments which I am hoping I will get a response to. The first thought in my mind is I truly hope we sent our best bail bondsman over there to rough them up and get the best deal we could, except we are fighting for a principle.

The first part of the stress that I see right now is...What year was this original guarantee put into place? What year did this agreement come to fruition?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. I believe the year 2000; 1999 or 2000. I don't have the absolute date on that.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. What year did this company come forward and stress they would not be able to make their payments or meet their guarantee over the long term? How was it acknowledged at the territorial government that this was the problem and what year was that?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. The information provided now is June of 2000 the guarantee was put in place; that is the timeline for when the agreement was brought forward and Cabinet looked at the problems that were arising and came up with structuring this deal. The guarantee was called in July 2002.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Did the Minister say July 2002? I didn't hear him and I didn't have my earpiece.

**CHAIRMAN (Mr. Ramsay):** That's correct. He said July 2002. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. For the record, we will note that's approximately two years after the agreement was put into place and the wheels went forward when obviously there were troubles. At the time of the year 2000, is the Minister in a position to articulate what securities were put into place in order to guarantee?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. The GNWT, when it enters into these types of arrangements where guarantees are required, would request a number of things and provide a number of provisions: most guarantees provide that working capital draws must be margined against inventory and accounts receivable; that the parent company and owners must cross-guarantee the GNWT; that regular reporting must occur; that the GNWT has the right of audit; and, that the GNWT retains the ability to approve any ownership changes or significant corporate restructuring; that loan guarantees are also secured by assignments of accounts receivable, assignments of inventory, fixed and floating debentures against all assets of the companies; and, where there is a parent corporation which is providing a cross-guarantee, similar security is provided by the parent company. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you for that detail, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. Are those cross-guarantees still in place? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. In this case, the guarantee was called, so the parent company became involved and that's who this agreement is signed with: the parent company. They are now paying the principal of \$2.6 million. So the guarantee was called. We did, as a government, in the past, sign an agreement to establish this and the way it has been handled is noted here today. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. I am just trying to understand some of the discretion here on this particular case. I keep going back to the fact that this is \$800,000. It could have done a lot of good to the territorial government. I can also take the perspective of the government and see that at least we are getting our

principal back. To that end, I will clearly say thank you. If we don't get something back, obviously we will all hurt. It's the assurity part over the long term and the fact that there are a few issues here.

If this is an industry that the bank is even afraid of backing, yet we have multi-international companies coming forward stepping into this industry without assistance, and I go back to the banks are uncomfortable, what public interest are we truly protecting? That creates some concern. This was clearly one of those instances where we are getting back our principal, which is great, but it shows some weakness in the system.

My biggest fear, as I leave this -- this will be my last comment -- is how does the government ensure that I get satisfaction from this because as we proceed forward, my community and my constituents have to know that our government is doing what we can. I see this as lost money that is owed to the Government of the Northwest Territories. The next time, how will all regular Members hear about something like this, something that goes awry in the future -- be it whatever circumstance; if it's \$5,000, maybe someone is being railroaded due to bad circumstances, bad credit, where we are allowing to let \$800,000 -- how will we be assured that we will know this is going on long before the ink has dried? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. As I stated earlier, as a Minister of this government responsible for this area, as I become aware of situations in this whole area we've discussed for the last few hours, I will do my part to inform Members before the ink is dry on any deal. I also have informed Members that the Cabinet, the Members of the FMB that you have elected, would have to use due diligence to ensure that we are making the best decisions on behalf of residents of the NWT. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. We've got Mr. Braden next.

**MR. BRADEN:** Thank you, Mr. Chairman. I, too, have some closing comments on this issue. We talked about how stringent the deals were and the guarantees were and research has turned up words exactly to this extent from Hansard of April 29, 1999, when then Finance Minister Dent assured Members that the terms of the loan guarantee agreement with the company negotiated at the time: "...are quite stringent. They far just short of acquiring a firstborn son, but they are extremely stringent in how they are set out to protect the interests of the government." Mr. Dent, I know, is an experienced Minister, a predecessor of yours, Mr. Roland. I quite seriously believe that we cut a good deal. However, it is in our implementation of the terms of that deal when it went wrong that is of such concern to us. I think that is amply evident.

Mr. Chairman, the Minister has done a very credible job in defending Cabinet's solidarity and decisions, even though he was not part of Cabinet that made this decision. On either this deal or others, whether they are financial or political, if they are not a good deal, I don't want to be saddled with it and I don't think this Assembly should be

saddled with unpleasant or unpopular decisions made by previous governments that were just wrong.

One of the ones that come to mind most clearly for me is the North Slave Correctional Centre that is just about being completed out here at extraordinary cost overruns. If I knew at the beginning of the 14<sup>th</sup> term -- when the decisions started to come before us to approve this, approve this, approve this, and we kept on approving, approving and approving -- what I know now...The plan and deal were both made by the 13<sup>th</sup> Assembly. I have learned from that, Mr. Chairman. When I don't like a deal, although something is happening, I will not be tethered because it was a previous administration that made it. That is why I have been so adamant on this one.

Because we chose not to act to the fullest extent on behalf of the taxpayer, I have to continue to have a degree of cynicism, Mr. Chairman, about how even this Cabinet may conclude or may decide it has to deal with situations that come before it. I suppose it's one of the best arguments because of the inconsistency and the fact that decisions will be made behind Cabinet doors with little or no input from us or anyone else, is that this is still a possibility and a potential that maybe FMBS should get out of the business of loaning and guaranteeing projects at any risk. Isn't this why we already have at least two different lending arms already? If we can't assign terms, conditions and legislation solid enough for those people to make decisions on our behalf, then I really must continue to express a degree of cynicism about leaving these kinds of decisions at the political level behind closed doors.

Mr. Chairman, if this decision was before us now, there is no question that the answer would be no. We would direct the department to act for the fullest benefit of the taxpayer and cover our exposure on this.

I had prepared a motion, Mr. Chairman, to do the only thing that Committee of the Whole can do in the face of a budget and that is to delete this item. It would have caused the department then to seek the money internally. It would have not gotten new money to pay this. It would have perhaps, Mr. Chairman, only been punitive to the department to do that. The taxpayer would not benefit from any motion to delete or any further measure of censure. The decision has been made and we have to follow through with that. So I am not going to put forward this motion to delete. It's not going to do much good, but I would like to think, Mr. Chairman, after two hours of debate on this and Mr. Roland's repeated assurances that he is going to defend the taxpayer to the fullest extent possible, that I would like to recommend we close debate on this, page 2-51, and move on with the balance of this ministry. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Braden. I think that will conclude comments on this. I don't see any more comments. We will move now to page 2-51. That's page 2-51, grants and contributions, total grants, \$120,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 2-53, we are now on the Audit Bureau. Operations expense, total operations expense, \$1.263 million. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. The breakdown for \$148,000, other expenses, please.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Travel and transportation, \$49,000; materials and supplies, \$10,000; purchased services, \$11,000; contract services, \$50,000; fees and payments, \$10,000; other expenses are \$10,000 and that is the risk management development and computer hardware and software of \$8,000.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Mr. Chairman. I am just looking at page 2-54. I am just curious why there is a reduction of seven positions, yet our expenditure for compensation and benefits remains virtually the same. Perhaps the Minister can answer that.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Menicoche. Mr. Minister.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. The reason you don't see a significant change in there is the positions that were deleted were cost-shared with Nunavut. As well, these numbers incorporate the last year of the three-year agreement of increases through our union negotiations. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Any other comments on the Audit Bureau? I had some questions on this, so I am going to give up the Chair to either Mr. Pokiak or Mrs. Groenewegen.

**CHAIRMAN (Mr. Pokiak):** Thank you. Mr. Ramsay, page 2-53.

**MR. RAMSAY:** Thank you, Mr. Chairman. I have a few questions on the Audit Bureau. During the review of the draft main estimates, we had talked about some vacant positions that were appearing in the division. I am just wondering through you, Mr. Chairman, I know there is an increase in contracted services in this activity and the funding for these three vacant positions. Is that being used for other expenses in this activity? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. There are 14 positions within the Audit Bureau and four positions are vacant. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Minister. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. Are those vacant positions? Is the funding that shows up under compensation and benefits for those four vacant positions being used for other expenses or contracted services in the Audit Bureau? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. We are in the process of filling those positions. We are hoping to have them filled before the beginning of the new year. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. The Minister is not answering the question. I don't know how else I can put it any more simply than I stated before. Is the funding that is earmarked for those vacant positions being used for other activities, or other activities inside the Audit Bureau? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Being that this budget is for April 1, 2004, we are not intending for this money to be used for contracted services. I stated we are intending to hire to fill those vacancies that are identified. So if we don't have someone filling those positions by April 1<sup>st</sup>, we are hoping to have them filled shortly thereafter. The money identified of \$1.115 million is targeted in compensation and benefits for a full complement of 14. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Minister. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. The next question that would come from that answer is how long have these four positions been vacant.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. I don't have that information at hand. I will have to get that provided to the Member. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Minister. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. I would like to get that information. Like I said during the review of the draft mains, it was three positions and now I understand it's four. We had talked about the contracting of services in the Audit Bureau during the review of the draft mains. There is some concern that if we do not have the full staff complement in that division, we are contracting out too much and that's a concern that was a common theme throughout all departments we looked at. You would have some vacant positions and you would contract services out and it seemed to happen more often than not. Again, those were some of my concerns. The concern I have with vacant positions is the funding available for those positions being spent in other areas. That is a concern I have government wide, it's not just the Audit Bureau that I am targeting.

I know the Audit Bureau's mandate is internal operational audits of all departments. I am wondering what do we do in terms of external audits on our government and when do we bring in some experts to have a half-decent look from an external point of view on our government operations. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Under the NWT Act, the Auditor General of Canada will audit our government on a yearly basis. So Members will be provided with a report from the Auditor General

throughout the year. They will have an opportunity to sit down and review a report and question our government as to what the findings may be at that time. So the external side of it is through the Auditor General of Canada.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. I don't know if this subject has been broached before, but I am going to ask it. The Audit Bureau is there and has a set purpose, but has any past government had a look at perhaps taking the Audit Bureau outside and more at arm's length of government, so it can serve more of a purpose and we may be able to, in tight financial times, realize a cost-savings on doing something like that? Has that subject ever come up in previous governments, that we take a look at the Audit Bureau and maybe make it a little more arm's length from government?

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Mr. Chairman, the benefit of moving it out and privatizing would have to be measured against what benefits we receive right now. Right now, the positions within the Audit Bureau help us to manage internally to provide the services of internal audits of fraud and it's a tool that we use to help us ensure from this side of the table, the Financial Management Board Secretariat, that all departments receiving funds from the government are using those funds as they were voted or as they were given in agreements or contracts. Right now, the benefit of it internally is as a management tool and it provides us that service of where we need to look at things or do an audit or investigate potential fraud. We would have to review the potential of having this type of service done externally and see if there is a cost-savings. That idea can be questioned as to the amount of savings that might be there or might not be. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. The final comment I have, Mr. Chairman, is I know he's new to the position, but I wonder what is his sense of the Audit Bureau and its role in this government. What does the Minister feel that may be and whether he thinks maybe in our operational review, if we are going to have a full operational review, that he undertake to have a look at the Audit Bureau and its role and function inside this government? I am just looking for his thoughts on that. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Mr. Chairman, the Audit Bureau being part of the Financial Management Board Secretariat is an important tool that I would have as Minister and that the Financial Management Board would have in looking at how our expenditures are being utilized. We do the internal operational audits in all of the departments. We do audits for financial claims prepared under the federal/territorial cost-sharing agreements. We do investigative audits that respond to our management concerns and corporate

control functions, which assess the internal financial controls within departments.

So it is important for us, especially me as Minister, to know that we are the check stops. We are the checks and balances of the system. If the system starts to fail, things can go wrong very quickly in the government. I see it as an important tool that we need.

The external audits that can be done to look at government itself and how we do things from an external point of view is done by the Auditor General of Canada and, at times, on the request of the Assembly, has done specific audits on specific departments or specific expenditures of Cabinet of the day. The Auditor General does have the ability to take a very thorough look at any expenditure that we would make as a government. I see that also as an important tool of all Members of the Assembly to ensure we follow the rules we set out and go forward on that basis. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Roland. Any further questions? Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. Thanks for that, Mr. Minister. The deficiency I see in this is we have the Audit Bureau, but we are actually checking ourselves. We have a function of this government that is mandated to investigate or audit our own operations and to me there is something not quite right with that and something about that doesn't sit well with me. The farther away from government that we can get the operation of a body like the Audit Bureau, the better. A lot of times, folks who have worked in the Audit Bureau worked in other departments; they are familiar with other people in the department. I would feel more comfort in knowing it was more at arm's length from government than it currently is today. Those are some comments, Mr. Chairman. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Mr. Chairman, the function, as I stated earlier, is an important one because it plays a role in how we deal with ourselves as a government and internal procedures and expenditures by government departments. As I see it, my role as Minister responsible for the Financial Management Board, is to ensure that as this House votes on expenditures, as we set directions and follow the Financial Administration Act and manual, we are following our rules. As a Minister of this government and Minister in the Executive Council, my role is to ensure that the other Ministers are following our rules and procedures. So this part of the secretariat is one that would help me in making sure that our rules are being followed and doing those internal audits.

At the same time, as a government, through our process of reviewing ourselves and the business we conduct, we will have to look at all aspects of how we deliver business and what is more efficient. Right now, it is a critical component, the way it is used for internal purposes. As Minister responsible, I have to ensure that we have to follow the rules we set for ourselves. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Roland. Any further general comments on page 2-53?

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Audit Bureau, operation expense, total operations expense, \$1.263 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Page 2-54, information item. Any comments?

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Technology service centre, chargebacks, information item, page 2-55.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Mr. Braden.

**MR. BRADEN:** Thank you, Mr. Chairman. The technology service centre and the companion over in the Department of Public Works and Services are relatively new to our government, Mr. Chairman. They are kind of a centralized or streamlined approach to delivering technology and ITs and computers and all those things. I wanted to ask the department here for the reason for the split between the two departments. The FMB shop here, as the description says, provides a centralized service desk, desktop, server and network authentication support services. So it's technical. When things crash, I have someone I can call who can help. Public Works, on the other hand, seems to be more in the big, mainframe hardware side of things. Why do we have two different shops involved in the same service area?

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. In fact, the TSC, when we have it fully functional and operational, will be transferred to Public Works and Services. We are expecting that to happen in 2005. We want to get one year of complete operation to do that. As for its setup and existence within the Financial Management Board Secretariat, I don't have the detail available of why it was established. In my understanding, there were a number of other factors of how to get it established, set up and going, but the intention is to have this moved over to Public Works and Services for the 2005 year. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Roland. Mr. Braden.

**MR. BRADEN:** Okay. Thank you. That's a piece of information I wasn't aware of. I appreciate that. One of the areas that I would like to get as much information on is in terms of performance measurement. Are we really meeting the objectives that are assigned? Are we making progress? If not, why? What are we doing to correct our approach? Under FMBS, there is a budget of about \$5.4 million and 29 active positions. In Public Works, there is a budget of \$6.3 million and another 17 active positions. So all told here, we are looking at almost \$12 million and 47 people assigned to technology. Does the government have a set of performance measures and indicators that will help tell us are we getting good value and reaching the objectives that we need to reach in this technology area? Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Braden. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Mr. Chairman. Under the TSC, there are standards and service agreements established with all departments. So the TSC has criteria that it has to meet because of those agreements that are signed and service levels provided. As well, with the one year and all departments part of the bundle, that's when we will be able to do an accurate accounting of how things have worked out, what was planned and the result of the work that's done informing the TSC. So we are hoping that within this year of operation, we will be able to show the differences that are made. Like any other system, when you have a central agency service or function and departments have become accustomed to doing it on their own and calling their own staff and having people readily available, it takes them getting accustomed to taking out of their budgets to pay for the services. It is not considered as an easy move. After a year of having everyone into the system and bundled up, we would hope to be able to do some proper assessments and going forward to see how much in fact it has been a benefit. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Roland. Mr. Braden, any further general comments? Technology service centre, chargebacks, 2-55.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Technology service centre, chargebacks, 2-56. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. Mr. Chairman, I'd like to if I could go back to 2-51.

**CHAIRMAN (Mr. Pokiak):** Does the committee agree to go back to 2-51?

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Mr. Ramsay.

**Committee Motion 3-15(3): To Delete \$120,000 From The Financial Management Board Secretariat Budgeting And Evaluation Re Foregone Interest, Defeated**

**MR. RAMSAY:** Thank you, Mr. Chairman. Mr. Chairman, I would like to move that the \$120,000 be deleted from the total grants in the budgeting and evaluation activity in the Financial Management Board Secretariat main estimates for 2004-2005.

**CHAIRMAN (Mr. Pokiak):** There is a motion on the floor. The motion is in order. To the motion. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. May I request a recorded vote on this? Thank you.

**CHAIRMAN (Mr. Pokiak):** There has been a request to record the vote. To the motion. Mr. Braden.

**MR. BRADEN:** Mr. Chairman, I stated a few minutes ago that my thinking is that we could certainly delete this, but it would not serve the interest of the taxpayer to do so. We are past that point; we are beyond that point. We could send a punitive message to the department that it can't play fast and loose with taxpayers' money. I think that would unnecessarily hurt the department itself or the FMBS shop. The real message is to Cabinet, Mr. Chairman. There are two Members of today's Cabinet who are on the one that approved this measure. I guess I

would like to give the benefit of the doubt to at least those two Members and the five new ones to pay attention to what this committee, at least some Members on this committee are saying is that when it comes to exercising our options on a business deal, that if Cabinet has discretion it has to act to the fullest extent possible on behalf of those taxpayers' dollars that are put at risk. So I will not be supporting this motion.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Braden. I have Mr. Hawkins, to the motion. Technically, Mr. Hawkins, you have already spoken to the motion when you asked for a recorded vote, but since you are new we are going to give you a buy this time, so go ahead. But normally at the end of your comments to the motion, that is when you would ask for a recorded vote, so for next time. Mr. Hawkins.

**MR. HAWKINS:** What a good Chair. May I start out by saying thank you, Madam Chair. As I see it, this has two main issues. The first issue is it sends a message to industry that this side of the House cannot stand for something like that. I do stress, as I said earlier, that side of the House negotiated an agreement, and I suspect it was probably in good faith in the Assembly as well as all of the territory, but I do want it recorded because I want people out there to realize that this side of the House does not necessarily agree with this method. We don't want this to become a precedent-setting case. The last point, and I will leave the floor, is the fact that this does save money. This says that we do not borrow \$45 million; this says we borrow \$44.888 million. The bottom line here is I see it does save taxpayer money. I don't think this is going to break the government in finding the money and I think we can do this. I think this says that we care about the bottom line on this side of the Assembly, just as that side of the Assembly does. So I think it sends a strong message. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. I have Mr. Menicoche. To the motion.

**MR. MENICOCHÉ:** Thank you very much, Madam Chair. My comment specifically is that I am not quite sure if we are actually expending \$120,000 to some financial authority or otherwise, or is this line item just an accounting measure that even if we deleted it, it still has to show up somewhere in our budget? I am not too clear, and I am not quite sure if I can ask a question or not but that is where I am at right now.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Menicoche. There isn't actually a provision to ask questions when you are speaking to the motion. However, you did pose a question in there and the Minister could speak to the motion if he wished to, and could respond to that question when it is his turn to speak to the motion. To the motion, Ms. Lee and then Mr. Handley.

**MS. LEE:** Thank you, Madam Chair. I just want to put on record my position on this, which I'm not sure is very clear at the moment because I am still in the process of thinking about it. I think it is very clear from the debate today that the Members on this side are very concerned about the risk that the government enters itself into and the risk that that poses on the taxpayers' dollars. In providing guarantees to an industry, especially when we know that these companies are quite large and some of them have diamond cutting and polishing operations around the

world, their business practices should be done in a way where they make the investments and they obtain the profits from therein. At the same time, I do understand that not too long ago, five years ago, the diamond industry was quite new and it was at a very embryonic stage, and there was interest on the part of the government to show its enthusiasm and support an incentive to these industries so that they would come, and that they would anchor themselves here and create an industry in Yellowknife. I am a strong supporter of the diamond industry and the cutting and polishing industry, and I think it says a lot that we have a diamond row outside of the airport, something that wasn't in existence not too long ago.

The concern here is that the government previously, I think it was the 13<sup>th</sup> Assembly that entered into this, and that government took a risk and that risk has come back to hatch an egg. In our briefings we were told that government provides these guarantees as an incentive in hoping that it wouldn't have to be ratified and realized, but we are in a situation where it has come back to be realized. I don't know if anybody has read this text from our briefing information that the Minister sitting on the other side has said that the conditions on the contract were so stringent that it falls just short of requiring a firstborn son, and now we are being asked to provide that. That is the risk we take, and I think there is a larger question about what the role of government should be in its haste and its enthusiasm, and its desire to attract an industry here that we should realize very intimately right now that these agreements that government enters into have deep meaning, and it has financial implications for all of us. I am quite concerned about the financial future of this company that has now been placed in a position where it can only make principal payments. Long-term, 10-year viability; we will be asked to absorb \$10 million that we have guaranteed over the next 10 years. Those are the questions that remain.

Having said that, I am not going to support the motion because I think under these circumstances it just might be too late. But I think there is a very clear indication from this side of the floor that I would like to encourage government not to get into this kind of incentive. The problem is that when governments do get into them, they make the negotiations, they are all signed, and they assure us that they require our firstborn son. Then five years later when the time comes to pay up, we suffer as a consequence. This should serve as an example that we can show as something where guaranteeing projects have tremendous risks and that government should be very hesitant in getting into those. So those are my points on this. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Ms. Lee. I have Mr. Handley next. To the motion.

**HON. JOE HANDLEY:** Thank you, Madam Chair. I just wanted to make a few comments to the motion after listening to some of the questions and some of the discussion on this issue. First of all I want to say that the message behind the motion is essentially that as a government we should not make loan guarantees if there is any risk at all involved, otherwise it may cost us some money at the end. If the government did not do that and the government chose not to give any guarantees at all, I could tell you right now there would not be a polishing industry in the Northwest Territories, it would not exist, because that is what made the industry viable and what

has built an industry here. So if you are voting that we don't do this, then I tell you, we have no industry.

I have a great concern with this as well that we are doing this at a time when we've got the pipeline project coming along. We are going to have other industries up and down the valley and throughout the Territories who are going to want to get into business. They may not be able to do it just by going to the bank, which would have to be the case if there was no risk to us at all. So we are basically saying no more loan guarantees from the government for anybody who wants to get into business if there is any risk. I will tell you that is going to send, I think, a terrible message to anyone who wants to get into business with some of the opportunities that are coming along.

So this sort of flies in the face of what we were trying to do as the 14<sup>th</sup> Legislative Assembly and what we are trying to do in the 15<sup>th</sup>. We have got to support our people to get into business. This is not about wanting to finance big multi-national corporations, it is about trying to finance our companies here in the North who are trying in some cases to do joint ventures, and to get into business, and that is what we did. In this particular case, I don't think we lost \$120,000 because as long as we are in a surplus and we have been in a surplus, then there isn't any interest paid out by anyone. We are in the surplus position, the federal government would claw it back, or at least part of that \$120,000, so there is no \$120,000 of money that we are out here. The only time it becomes real money is when you vote to take it out of the budget.

On the one hand we can't sit here and say we need more money in legal aid, and then say at the same time that we want to cut money out of something. This \$120,000 that we are going to have to find somewhere within the budget if you cut it out could mean the difference in legal aid or another program where we want to have better services and programs. So we can't have it both ways. As I say, we are in a surplus cash position. This has not cost us anything up until now. It really only becomes real money when you take it out of a budget.

I had heard some comments earlier, Madam Chair, as well that this was somehow setting a precedent, that's \$120,000 here, you better send a message to the government not to do this anymore, they are setting a precedent. Well I will tell you, there aren't very many companies that I can think of who will purposely go bankrupt or out of business in order to take advantage of an interest-free loan. That is not setting a precedent anywhere at all.

So, Madam Chair, I just think that doing this is really sending a confusing message out to our businesses in the North, whether it is in diamonds or oil and gas, or wherever it may be. It is sending a message then that we are not going to take any risk on their behalf anymore, and I think that is really shirking a responsibility we have as a government. Then, second, I think it is confusing a lot of things by suggesting that this is some kind of dangerous precedent, that this has cost us \$120,000, that it is going to cost us \$800,000. Those are all numbers that are based on some estimates, but is it real money? No. It only becomes real money when either we are in a deficit position or we have to pay it out, and we are not paying it out yet. The only time we lose that money out of our budget is when you vote it out of here.

So, Madam Chair, I think there is a lot of misunderstanding about what this is doing. But I will tell you, the message is very clear in my mind, and I will repeat it again, that if we do this we are sending one powerful message to all of our northern companies who may want to get into business. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Handley. To the motion. I have Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. I guess I will start my comments with stating that I guess my definition of real money is a bit different than the Premier's definition of real money. To me, \$120,000, whether you are in a surplus or not, is \$120,000. The reason that I am moving this motion today is I think we have to send a clear message that taxpayers aren't going to accept the way some of these deals are brokered. They are not going to take the favouritism and the political friends of certain people. There are those types of things that the taxpayer, the guy on the street, is just not going to accept, Madam Chair, and that's why I am moving this motion. I think there are other lending agencies in place. We have two lending agencies in our own government, there are the banks. I don't understand some of the comments that the Premier mentioned. We have a loan guarantee with one of the top five diamond polishing and cutting organizations in the world. For the life of me I don't understand that. There are other ways to do this and I think at the end of the day, we have to protect the taxpayer, we have to protect the public person, that is what this motion is set out to do. I am not sitting here saying we don't want big business, we don't want economic development, we do want that but we want it to be upfront and we don't want it to happen by other means or in back rooms or whatever the case is. I think this motion was set to make a point, and to make a clear point to the government, to the Cabinet, and also to the people out on the street that don't have a voice in this Assembly. They have a voice through us and that is what this is for. We will put it forward and I don't know what is going to happen with it, it will probably get defeated, but, hey, at least we tried and at least we are making the point that we are keeping an eye on the way that this government is operating. It has to be transparent, it has to be accountable to the people of the Northwest Territories. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. To the motion. Next I have Mr. Delorey.

**MR. DELOREY:** Thank you, Madam Chair. Madam Chair, when I put my hand up to speak to this motion, I was in the position that I was not going to support the motion. After hearing the Premier speak, I don't know. I certainly think that there is every bit of reason why we should support this motion. I don't agree with the way this deal was brokered with the companies. I think there were other avenues, and for the Premier to say that if we hadn't have done this and we don't do this there wouldn't be a cutting and polishing industry in the North, I cannot believe that, knowing full well that there were companies willing to set up cutting and polishing plants in the North that didn't need any loan guarantees from the government. I am not convinced that we wouldn't have a cutting and polishing plant. So I think those are kind of scary tactics to be using.

I know that we are into this deal and we are probably going to have to pay anyway. The money is going to have to come from somewhere, and that is really unfortunate. I

am not going to support the motion, but I am certainly in full support of sending a very strong message to government that we don't support these kinds of deals and that we are going to be watching very closely, and that the Members on this side should have been involved. I think if we were notified and involved somewhat in setting the loan guarantees, then we should have been involved somewhat in coming to some kind of agreement that we are going to forgive \$800,000 in interest payments.

So I have to state for the record that I really don't appreciate some of the comments that were made, it is kind of scaring us to try and support this thing. I don't believe that we would not have a cutting and polishing industry simply because of this deal. Having said all of that, I am not going to support the motion, but I hope that the government does get the message. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Delorey. To the motion, next I have Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Madam Chair. I guess the government does have the message here on this side. I just want you to know that in small communities and in the regions and the joint ventures, that our communities look to this government for some leadership, and it is risky. The degree of risk is we don't know; we do our best estimates. In small communities they do a risk analysis, they look at the possibilities, they don't know what is going to happen, but they forecast the best they can and sometimes those banks do not even want to deal with you unless you have some kind of guarantee. All of those little communities and organizations are pretty risky in dealing with the banks, and some people have some good ideas where they just need some support from this government. Sometimes they get turned down by this government, and they get turned down by banks, and they come to us and say how come this and how come that. I have been in some of the communities and I think from this side here, we have to bite the bullet on this one.

In this 15<sup>th</sup> Legislative Assembly as you start looking at how deals are made within this government and how we are working towards some fiscal responsibility; unfortunately, for whatever reason, the 13<sup>th</sup> or 14<sup>th</sup> Assembly made this deal. I think from this side there is some flexibility and there are some things that can be salvaged from this deal in how we do things. I think really strongly to the degree of risk that the communities take that this government needs to be there for us in the small communities and small organizations and ventures. Some of those businesses in the small communities go bankrupt really quickly, and they look for help, and sometimes this government doesn't help them. Believe me, I was there. Sometimes the government does help some of our organizations in the communities, we need the support. For this, I am not going to support this motion. I have my reasons, and I just want to make sure that the message goes to communities that we are there to some degree to help the communities out in some of their joint ventures and some of their venture projects that are being looked at in the regions that the government said that there is mechanisms along the way that say yes or no, and that we keep a tight rope that the process that they get the answer from in this government. So for myself, I just want to make sure that there is a process set in place when you get into these kinds of deals again, because the communities will also ask us about how the

government is supporting them in their joint ventures and in business right down the Mackenzie Valley, and what are they doing to help us. For me I guess we should bite the bullet on this one, Madam Chair, and knowing that we heard enough from this side and the government will take notice of these things. That is all I want to say, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Yakeleya. Any further discussion to the motion? Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Madam Chair, there was a couple of comments or questions asked. One, it is within our own accounting exercise that we account for this, our own policies as a government so that it is registered that we are giving a grant-in-kind by foregoing this interest. So we are following our own rules and procedures by accounting for this. That is how Members are aware of this grant-in-kind. As stated, as well, the guarantee has been exercised. So in the future, the only thing we have to go on is this agreement signed by our previous government. We are going on it. It is a 10-year agreement revisited within five years. So that is the thing, there is no more \$10 million out there on this agreement. This one was worth \$2.6 million and we are going to get that principal repaid. Again, the accounting exercise to show the foregone interest as a grant-in-kind is part of the rules and procedures that we follow as a government so that is why it is highlighted the way it is. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. To the motion.

**AN HON. MEMBER:** Question.

**CHAIRPERSON (Mrs. Groenewegen):** Question is being called. There has been a recorded vote requested so I would ask that all those in favour stand and remain standing in favour of the motion.

**CLERK OF THE HOUSE (Mr. Mercer):** Mr. Ramsay, Mr. Hawkins.

**CHAIRPERSON (Mrs. Groenewegen):** All those opposed, please stand.

**CLERK OF THE HOUSE (Mr. Mercer):** Mr. Menicoche, Ms. Lee, Mr. Yakeleya, Mr. Villeneuve, Mr. Miltenberger, Mr. Zoe, Mr. Roland, Mr. Handley, Mr. Dent, Mr. McLeod, Mr. Bell, Mr. Braden.

**CHAIRPERSON (Mrs. Groenewegen):** All those abstaining?

**CLERK OF THE HOUSE (Mr. Mercer):** Mr. Pokiak, Mr. Allen.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, colleagues. The results of the motion are two in favour, 12 opposed, two abstentions. The motion is defeated.

---Defeated

---Applause

Referring back again to page 2-51, budgeting and evaluation, grants and contributions, total grants, \$120,000.



**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you. Now onto page 2-56, information item, technology service centre, chargebacks. Ms. Lee.

**MS. LEE:** Just a question on that, Madam Chair. Why is this page being called information item? Do they not have to follow the regular budget documenting process? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Ms. Lee. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The reason it's accounted for the way it is, is because it's a chargeback scenario where they receive money from departments not appropriated by this government. The funding comes out of each department which will have its amount appropriated, so this one is an accounting exercise that shows it's a chargeback centre much like the Liquor Commission or a few of those other ones that you have as information items not funded through a direct appropriation of this government.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Ms. Lee.

**MS. LEE:** Does that mean this section can only spend what they bring back in a chargeback? What happens to surplus funds?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Ms. Lee. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The Member is correct. The only money they can use is the amount of chargebacks that they receive from the departments and on page 2-55, it shows the breakdown of each department and how much they are charged for the services. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Ms. Lee.

**MS. LEE:** May I get a breakdown on other expenses?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Ms. Lee. Mr. Roland.

**HON. FLOYD ROLAND:** Travel and transportation is \$132,000; material and supplies, \$27,000; purchased services, \$78,000; contract services, \$128,000; other expenses, \$157,000 and that is the systems and communications chargeback; computer hardware and software is \$1.961 million.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Ms. Lee.

**MS. LEE:** Thank you, Madam Chair. The travel and transportation for \$132,000, do the employees under this section travel to other communities? What would explain the travel? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Ms. Lee. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. There are a couple of reasons why there would be travel. One is to go to communities to service equipment where

there are services not available. As well, some of the travel is for technical requirements so individuals can remain certified on the systems that we use. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Madam Chair. With regard to this service centre, I see most of the departments utilize it. Is that service extended to the health boards and education boards? I know they have their own cost centres when it comes to computer technology and staffing.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Menicoche. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. The health boards and their Minister would request if they wanted to be part of the service. We would extend the services to them upon request. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Madam Chair. I think it will be a significant savings to some of our boards and agencies if we were to even extend an invitation from this service centre. It is a huge cost once they are talking salaries and their old equipment to service their technology in those regions. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Menicoche. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. I agree that the more utilized this function is, the more we can pool our resources and the more efficient we can be. That's why we extend an open hand to the boards that they can use our services if they do request that. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. I just had a question on the TSC and that is some departments are more receptive to the program the TSC has to offer. Which departments, because we are going to be going through this process over the next two weeks, does he feel aren't fully connected into the TSC program so we can ask the Ministers questions? Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. My understanding is all departments will be fully subscribed into this process with one exception being the Housing Corporation. That is identified as coming into it this year, but there are some ongoing discussions happening with that corporation. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. Why is it that the Housing Corporation is being treated differently?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Roland.

**HON. FLOYD ROLAND:** Thank you, Madam Chair. Again, they are to be incorporated into this system, but as a corporation they are somewhat different than the departments. We are continuing to work with them to try to have them come in here. Again, as I stated to another Member, the more we pool our resources the more of a savings it can be, but those discussions are ongoing.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Page 2-56, technology service centre, chargebacks. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Madam Chair. If I could trouble the Minister to expand on the expenses for the year 2003-04. Could he whittle out the \$1.179 million, what the travel expenses for that year were?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Hawkins. Mr. Roland.

**HON. FLOYD ROLAND:** I don't have that information at hand. The Member is asking for out of the \$1.179 million, how much of that is travel. If that's the case, we will work to get that information and provide it. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Roland. Technology service centre, chargebacks.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you. Technology service centre, active positions.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Detail of work performed on behalf of others, total department, \$408,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you. Revenues, recoveries and transfer payments.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Turning back to page 2-37, Financial Management Board Secretariat, program summary, total operations expense, \$27.377 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you. Turning to capital, CAP-5, under the tab that says infrastructure acquisitions, CAP-5, Financial Management Board Secretariat, directorate, total directorate, \$300,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Government accounting, total government accounting, \$197,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Total department, \$497,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you. Does committee agree that the consideration of the Financial Management Board Secretariat is now concluded?

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** I would like to thank the Minister and his officials for helping us through this department and this seems like a good time to take a break. Thank you.

---SHORT RECESS

**CHAIRPERSON (Mrs. Groenewegen):** I'll call Committee of the Whole back to order. The next department that we're going to be considering is the Department of Resources, Wildlife and Economic Development. At this time I will ask Minister Bell if he would like to provide us with opening comments on the departmental estimates. Thank you.

**HON. BRENDAN BELL:** Thank you, Madam Chair. Madam Chair, I am pleased to present the proposed 2004-05 main estimates for the Department of Resources, Wildlife and Economic Development. These estimates propose total operational expenses of \$85.57 million for the coming fiscal year. This amount is slightly higher than last year's total of \$85.51 million. Although \$2.21 million has been proposed in new initiatives, representing a 2.6 percent increase, and more than \$910,000 proposed for forced growth, a one percent increase, these amounts have been largely offset by \$3.16 million in reductions to operations and travel expenditures, resulting in a minor overall increase.

The proposed capital infrastructure acquisition plan requests \$2.2 million.

The proposed main estimates reflect the continuation of existing departmental initiatives to preserve and protect the environment, while fostering the sustainable development of both renewable and non-renewable resources.

I will now highlight the major initiatives that the department is undertaking in the coming fiscal year.

The protection of the environment for generations to come is a central priority of the department.

In the coming year, the department will implement the new regulations that govern the proper handling of used oil and waste fuels, which came into force in January. We will complete the development of an air quality code of practice for the oil and natural gas industry, and begin to draft two new environmental guidelines that address biomedical wastes and CFCs, chemical compounds that destroy the earth's ozone layer.

The department will also continue to work with the Government of Canada, territorial departments and agencies, communities, industry and the Arctic Energy Alliance to reduce our consumption of energy, control the emission of greenhouse gases and plan for the changes a warmer climate will bring.

We will provide up to \$560,000 in contributions to this program area, an amount that is expected to leverage more than \$1.5 million in federal project related funding over the coming year.

The 14<sup>th</sup> Legislative Assembly created the legislative framework for a broadly supported beverage container recovery program by passing the new Waste Reduction and Recovery Act. The department has allocated \$1.078 million for the coming year to implement a territory-wide community-based deposit refund program.

This will reduce the number of beverage containers going to landfill sites, reduce litter, encourage conservation and reinforce a recycling ethic among NWT residents. Abandoned and contaminated mines and industrial sites are an unfortunate legacy of past development in the North. The department will continue to work to ensure that the parties responsible for past and future developments take proper closure and remediation actions.

In cooperation with the Government of Alberta, we are developing an integrated information management system to store and share wildlife population and habitat data. This will enable us to respond more effectively to information requests driven by resource development and to fulfill our wildlife and habitat stewardship responsibilities.

The western NWT biophysical study initiated in 2003-04 will continue to gather the baseline data needed to measure the impact of natural gas development on the land, air, water and wildlife.

Wildlife studies will be conducted to determine the health and status of endangered species such as Peary Caribou, other species including wood bison, moose, grizzly bears and woodland and barren ground caribou will also be studied. New and valuable knowledge of the Bathurst Caribou herd in the North Slave region will be gained through the implementation of the proposed Bathurst monitoring program.

The department has now implemented all of its planned program revisions in support of the trapping industry. Trappers in the NWT now receive the most comprehensive coverage available in Canada. We remain committed to promoting excellence in the trapping industry through investments in trapper training programs.

To continue our long-standing support of the commercial fishery in the Northwest Territories, we will provide more than \$390,000 in industry support payments to defer costs and assist in the replacements of capital for our fishers.

We are currently monitoring the ongoing federal/provincial discussions on the outbreak of BSE in both Canada and the United States and I am pleased to report that we anticipate no specific negative impact on the NWT.

The department continues to support product and market development and food safety programs to enhance the territorial muskox harvesting and exporting industry. To meet this objective, the department will be looking to the agricultural policy framework agreement which we recently signed with the federal Department of Agriculture and Agri-foods.

Last summer, events in Inuvik, Norman Wells, British Columbia and Alberta demonstrated the impact that forest fires can have on our communities.

RWED, in partnership with Municipal and Community Affairs, has developed the capacity to crate map products

for land use and fire management planning. When complete this year, the maps and the associated data currently collected will provide the foundation for a comprehensive approach to community protection in the NWT.

Plans to minimize the risk to our communities will require the coordinated participation of several agencies, including the emergency measures organization, office of the fire marshal, RWED and MACA, as well as the active involvement of communities and land owners. Several communities are now in a position to develop comprehensive local plans and RWED will continue to support this important local process.

Fuel-type maps for the entire NWT will be completed during the coming year improving our planning and decision-making process through fire growth modelling and fire behaviour forecasting. This initiative will also develop a better understanding of forest regimes to help in assessing long-term effects on forest ecology. A pilot project to develop a more cost-effective and timely way to collect forest inventory information will be completed in 2004.

Information on the extent, nature and productivity of the forest resource is essential to determine the impact of resource development on forest vegetation and wildlife habitat. Forest surveys including establishments of permanent monitoring plots are important for tracking these changes over time, as well as the impact of climate change on forest landscapes. This information is also important to ensure all forest development undertaken is sustainable.

The Northwest Territories is a major tourist destination for visitors from around the world. The department will continue to work with NWT Arctic Tourism and the Canadian Tourism Commission to market the Northwest Territories as a prime, four season tourist destination providing the NWTAT a total of \$1.8 million to fund their operations and marketing efforts on behalf of the NWT tourism industry.

New and attractive products are vital to a healthy tourism industry. This year, we have budgeted \$375,000 to help develop new tourism products and concepts that will help this industry develop more fully. We have also invested \$45,000 in a creative partnership with the Department of Education, Culture and Employment to help train NWT residents for meaningful careers in tourism.

The Government of the Northwest Territories, through RWED, will continue preparing for the construction of the proposed Mackenzie Valley pipeline, including the negotiation of a socioeconomic agreement that will ensure that the residents of the Northwest Territories receive their fair share of the benefits.

We will continue to support the Aboriginal Pipeline Group, who last year reached an historic agreement with the Mackenzie gas producers to become full equity partners in the pipeline. The APG will receive \$250,000 for administrative expenses from the GNWT in 2004-05, a level of support that will continue for the next six years.

A preliminary information package for the pipeline was submitted to the National Energy Board in June 2003 and the first regulatory application was filed in December. The project is expected to move to a joint environmental

impact assessment panel review later this year. RWED will lead the GNWT's participation in this review.

The department has provided funding to aboriginal organizations for the past three years to assist them in building their capacity to deal effectively with oil and natural gas development in the NWT. The department's contribution last year was \$360,000. The same amount will be provided in 2004-05.

Through the private sector partnership fund, the department will continue to provide funding for on-the-job training in the oil and natural gas industry, as well as in mining, tourism, construction and other priority areas. Total funding for this initiative in 2004-05 will be \$500,000.

The department will continue to play the leading role in providing technical support for the GNWT, as it lobbies against the proposed floor price subsidy for Alaskan gas in the proposed energy bill by the United States Congress.

We will also work to resolve the issue of regulatory authority over the Alberta pipeline system in order to ensure northern gas can be shipped to market in an efficient, economically-favourable manner.

In addition, we will continue to play an active role in the negotiation of devolution from the federal government to regulatory authority, especially as it relates to the disposition of the rights of the NWT's mining and oil and natural gas resources.

Much of the economic growth the Northwest Territories has enjoyed in recent years can be attributed to our burgeoning diamond industry. With two diamond mines in production, we are now the third largest producer of rough diamonds in the world.

As De Beers proposed Snap Lake mine completes its permits and licensing process, the department is working to conclude a socioeconomic agreement with that company. We seek an agreement that will maximize jobs and opportunity in the Northwest Territories.

We are also negotiating, on behalf of the GNWT, an environmental agreement with the federal government and De Beers that will establish the means by which the environmental impact of the Snap Lake development will be monitored and mitigated throughout the life of the mine.

With the opening of the Tiffany-owned Laurelton facility, there are now four factories employing a total of almost 150 people. Our government certification program, the only one of its kind in the world, provides a significant marketing opportunity for these factories. New opportunities in jewellery and in diamond-related tourism are also being explored.

With the federal, provincial and other territorial governments, we are working to create a national diamond strategy. When implemented, the strategy will provide the basis for a truly national approach to exploration, mining, production of rough diamonds, polished diamonds and jewellery, as well as retail and tourism opportunities related to the industry.

Small business is a major contributor of our economy, and we are encouraged that manufacturing shipments from

the NWT grew from \$15.3 million in 1998 to \$43.6 million in 2002.

Our government will continue to promote manufacturing opportunities in the NWT. In response to the recommendations of the Business Advisory Panel, we expect to release the new NWT manufacturing strategy later this year. This strategy will focus our efforts on pursuing an innovation strategy that fosters the development of products and processes that respond to northern needs and opportunities; promoting the use of northern-manufactured goods in the negotiation of socioeconomic agreements with major resource development companies; and providing financial assistance to venture that undertake value-added processing.

With the Department of Education, Culture and Employment, we have published a response to the Arts Strategy Advisory Panel Report. Both departments will carry out immediate initiatives and conclude a more comprehensive strategy to guide future initiatives.

In conclusion, Madam Chair, the main estimates of the Department of Resources, Wildlife and Economic Development clearly show how we intend to preserve and protect our natural heritage and promote sustainable economic development that will benefit all the residents of the Northwest Territories. These estimates reflect our best effort to strike a balance between these two important objectives and to do so in a way that is prudent and cost-effective. Thank you, Mr. Chairman.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Bell. At this time I'll ask the Chair of the Governance and Economic Development committee, Mr. Delorey, if he would like to make comments on the committee's review of the departmental estimates.

**MR. DELOREY:** Thank you, Madam Chair. The Standing Committee on Governance and Economic Development met with the Department of Resources, Wildlife and Economic Development on February 20, 2004, to review the draft 2004-2005 main estimates.

RWED promotes economic self-sufficiency through the sustainable development of natural resources and enhances the creation of sustainable opportunities in the traditional and wage economies. RWED also promotes sustainable development through the management and protection of the quality, diversity and abundance of our natural resources and the integrity of the environment.

#### **Development Of The Renewable Resource Sector**

The standing committee continues to be concerned with the convoluted regulatory process affecting the renewable resource sector. The barriers to development seem to be increasing and becoming more cumbersome, rather than decreasing. The committee encourages the department to identify all of the regulatory processes and simplify them where possible. The committee will continue to monitor this issue.

The committee would also like to see RWED develop marketing initiatives for the fishing, forestry and the harvesting of animals and animal products like wolves. RWED should assist communities in developing their natural resources. The committee proposed that renewable resources officers for instance could have an

expanded role and perform more developmental and educational tasks. The committee looks forward to an update on progress in this area and at the time of draft business plan reviews.

As an example of how this sector has been neglected over the years, the committee is aware that a healthy bison lake at Hook Lake has been established and is growing, but there does not appear to be any plan for the future of that herd. The committee urges RWED to address this gap.

#### **Economic Diversification**

The committee was concerned that oil, gas and mineral development might overshadow the smaller industries in the communities, such as arts and crafts, hunting and trapping, tourism, fishing, forestry and agriculture. Members are pleased to hear the department strongly supports diversifying economies within the regions and hopes to see actions associated with their comments.

The committee was also concerned about support for the manufacturing industry in the NWT. The Minister replied that RWED is currently preparing a response to the report prepared by the Business Advisory Council on manufacturing and value-added industries. The committee looks forward to reviewing the department's response in this report.

#### **Legislation**

##### **Travel And Tourism Act**

The standing committee commented that the tourism industry for quite some time has been waiting on regulations which when revised will allow them to go to a one-licence system. Currently there are two licences for the outfitters licence and the tourism establishment licence that are required. The committee was pleased to hear that these regulations will be brought in September.

##### **Waste Reduction And Recovery Act**

The standing committee inquired as to the status of the beverage container recovery program. The committee was pleased to hear that RWED expects to have this program up and running for September of this year, after the regulations have been developed and stakeholders have been consulted.

##### **Species At Risk Act And The Wildlife Act**

The standing committee was pleased to learn that RWED expects to table the Species at Risk Act later this spring and also hopes to table the new Wildlife Act in the fall.

##### **NWT Business Development Investment Corporation**

In 2003-04 there were plans to combine the NWT Development Corporation and the Business Credit Corporation to form a new NWT business development investment corporation. These institutions are responsible for managing the business development fund, small business grants, community transfer initiatives and the community futures program.

However, the NWT Business Development Corporation and the NWT Development Corporation are still separate entities. The 14<sup>th</sup> Assembly did not have time to consider legislation needed to amalgamate the two corporations.

The department reports that legislation is pending and could probably be introduced in June. The department also intends to do more work on the structure of the programs to be delivered by the corporation. The standing committee has written to RWED requesting a presentation on the initiative as soon as possible. The committee is disappointed that the department delayed the presentation on this very important issue until after conclusion of this session. If this initiative is to proceed, the committee expects to see cost savings and a streamlining of programs through a single-window delivery model. The committee is also looking forward to discussing how this new institution might further foster investment in the Northwest Territories and what the possibilities are for incorporating a credit union act.

#### **Pipeline Unions**

Some Members have heard that in Calgary is being said that anyone who wants a job in pipeline construction would have to meet union standards. Members are concerned northern workers could be excluded from the benefits of a pipeline construction and wants to see them have access to all positions both at the senior and entry levels.

The committee was pleased to hear the department is working with the Department of Education, Culture and Employment on a certification and training program. The department also indicated it will take this issue under consideration in negotiating socioeconomic agreements. The committee would like to urge the government to seek legally-binding obligations in this area, given the importance of northern workers having access to pipeline jobs.

#### **Assistance To Northern Communities**

Members have observed that communities do not always seem to have information about what resources are there to help them take advantage of oil and gas opportunities. Industry in some cases is not recognizing that there are land claim agreements in place that have to be respected. Communities are frustrated because they do not have expertise internally to make presentations and submissions at the many regulatory hearings and to negotiate with industry on a level playing field.

Committee would like to recommend that the ministerial lead joint committee be set up to raise the viability of the government's initiatives that will help communities realize the benefits from the pipeline.

With regard to the Mackenzie Valley development project, committee noted that an ADM-level position heads up this initiative for RWED but does not appear on the organizational chart. The committee recommends that this position and associated resources be relocated from Yellowknife to a community such as Fort Simpson or Inuvik that is actually on the pipeline route.

#### **New Positions**

The department has a director of informatics positions. The department explained that the reason for the creation for this position is to support the implementation of the knowledge management strategy and the development of RWED's informatics strategy plan. RWED has also consolidated information management and information system resources by amalgamating the information

systems section and the NWT Centre for Remote Sensing into the informatics division. RWED has also moved its records management position into this division.

The committee would like to recommend, in order to save costs that these functions could be further consolidated under systems and communications, Department of Public Works and Services.

#### **NWT Arctic Tourism**

This year's main estimates propose that the NWT Arctic Tourism will again receive \$1.8 million in funding. Members noted this organization has not seen an increase in their funding for quite some time. The Canadian Tourism Commission has changed the way it is marketing and this may force the NWTAT to increase expenditures for advertising the NWT. The committee is pleased that RWED is aware of this situation and will continue to monitor it.

The committee is also pleased to hear that RWED supports this organization and also thinks that it does a good job. However, the committee is concerned that the NWTAT has only four staff members, and suggests that RWED review the function of their parks and tourism division for duplication of services and perhaps relocate resources to the NWTAT.

#### **Arctic Energy Alliance**

Members question the value for money of funding this organization and were concerned that there was a duplication of services between this organization and that of the Power Corporation. Members would like to recommend that if there is duplication of services, that perhaps the funding for this organization could be transferred to the Power Corporation.

#### **Fire Suppression**

The department tenders fire suppression contracts on a region-by-region basis. The committee asked the department if costs could be saved by tendering territorially. The committee also asked what would the cost difference between tendering regionally and tendering territorially be to the end product. The department responds that there are no cost savings to be had by changing how fire suppression helicopter contracts are tendered. The tenders are public tenders, open to qualified helicopter operators across the Territories.

RWED does not tender for multiple rotary wing aircraft. An individual tender is for the supply of an individual helicopter based at a specific location for a number of days and hours per season. However, the terms of the contract require that a helicopter be operated anywhere in the Territories or in Canada under the mutual aid resources sharing agreement.

In the 2004 fire season, RWED will have five contracts in place for helicopter services on a long-term basis. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Delorey. Before we proceed with general comments, I will ask Minister Bell if he would like to bring witnesses into the Chamber.

**HON. BRENDAN BELL:** Thank you, Madam Chair. Yes, I would.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Bell. Does the committee agree?

**SOME HON. MEMBERS:** Agreed.

**CHAIRPERSON (Mrs. Groenewegen):** Agreed. Thank you. I'll ask the Sergeant-at-Arms to bring Mr. Bell's officials in.

Mr. Bell, for the record, could you please introduce your witnesses.

**HON. BRENDAN BELL:** Thank you, Madam Chair. With me today I have the deputy minister of RWED, Peter Vician, and the director of corporate services, Jim Kennedy. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Bell. Welcome. At this time I will ask the committee if there are any general comments on the Department of RWED. Mr. Allen.

**MR. ALLEN:** Thank you, Madam Chair. I'm sure that the Minister has anticipated the comments I'm going to make and it's fairly lengthy. Just to address some of the key questions that I was indentured by my constituency to respond to. I will certainly try to put them in the proper context, Madam Chair.

The very first sentence on development of the renewable resource sector puts it into proper context, that the standing committee continues to be concerned with a convoluted regulatory process affecting the renewable resource sector. Certainly we feel that there are a number of them that cause us great concern as we develop a better understanding of the regulatory process. Certainly, I'll say this further, with our constituents the level of investment in the regulatory process rather than a practical application of harvesting methods and trying to develop worldwide markets for big game hunting and certain species, we feel there is an abundance in the population. Also the methodology in trying to collect certain animal parts. I'll use the qivut, for example, in trying to introduce new methods of combing it off which was at one time deemed to be inhumane, but in practice it isn't because they do already take large herds of muskox on long journeys and that should be used as an example of being non-inhumane.

I think being an advocate for diversification of our small-scale economies in our small communities, we need to really look at how we can assist individuals to become economically self-sufficient, Madam Chair. I want to say that I'm pleased to hear that the Minister, in earlier discussion with myself, had indicated his support to change the philosophy of the department, where there's less emphasis on enforcement and more into the renewable resource sector. So it brings me to the point where I think we really need to emphasize that in terms of modelling the staff, we need to look at resource economists that would help the communities change the way they approach wildlife and also wildlife harvesting, and put more into the commercial end rather than into the domestic harvesting levels. We need to look at taking people...If I can use a case in point in my discussions in one of my trips to Alaska, they said that we need to look at our Dahl sheep and look at the breeding stock. We need to harvest the older rams so the young rams can become breeders. One person said that if the conditions that people were concerned about the level of if somebody

failed, then they suggested rather than having to expend a lot of time and money trying to train guides, allow the hunters to bring in guides and that would mitigate any concern that the hunter may have in terms to trying to identify what is a prize animal.

So those are some of the things that we look at very closely in terms of development of the renewable resource sector. There are other things that I'm glad the Minister made reference to in his opening comments with regard to putting more resources into the commercial fishery. As you know, the Mackenzie Delta, under my inquiry, the fishery people had indicated that there is a quota for the Mackenzie Delta for 66,000 kilograms. Although it doesn't equate to very much in terms of overall revenue, it would still help the trappers and the harvesters to generate some income on a seasonal basis. They could supplement that with other renewable resource sector industry participation.

Certainly we're very, very concerned with regard to the regulatory process, and I am pleased to see that the dialogue has been continuing between myself and the department on what we feel is with the chronology of events that we need to talk about how we could help speed up the process that would give our investment community greater comfort in trying to resolve what we see as some delays. Again I refer to specific hard copy information. I go back to the March 12<sup>th</sup> NewsLine where the Premier states that he's back from the energy conference, telling where the pipeline project has been discussed. Apparently there was some dialogue between he and the Yukon Premier. In the final sentence it says, "Handley says that if Alaska pipeline goes first, there likely won't be much need right now, at least for the Mackenzie Valley line." Subsequent story lines certainly give us some concern.

I wanted to make reference to another issue that's of a similar nature on the same date, Mackenzie Valley pipeline environmental assessment. Again it talks about the criteria for Imperial Oil's environmental impact statement. Further down, March 19<sup>th</sup>, "A spokesman for Imperial Oil says delays in the regulatory process could delay a proposed Mackenzie Valley pipeline." Madam Chair, as I stated in my oral questions to the Minister today, this certainly alludes to the uncertainty as we deal in the context of the regulatory process. I want to give my constituents the comfort, especially the investment community, that the department will continue to work on behalf of its residents and asserting that we do need to be on top of the game here. I'm still trying to convince the public that we need to work diligently within the regulatory process. I think that was one of the main reasons that I questioned much of our constitutionality in the past, that I'm not certain that no matter how much of an effort we make in trying to make the regulatory process more progressive and deal more in timelines, it's out of our bailiwick. So I think we need to, as a government and as an assembly, take a very aggressive approach to reaffirm where we stand in terms of having influence over the regulatory process. I'm not here to debate the issue. I think we're trying to be helpful in making public knowledge that we have a functional role to play as a government and as an assembly. That is critically important for ourselves and we need to take a collective approach.

There are other more minor issues I will raise throughout the evening, but I just wanted to confirm what I stated in my reply to the opening address and how it affects my

riding and the mandate they have given me to go forward with the Mackenzie Valley pipeline issue, and I am prepared to deal with my fellow colleagues throughout the Mackenzie Valley to ensure that we are well represented and our issues are taken into consideration.

In closing, Madam Chair, we are on the exploration side of the pipeline issue and I still need to advocate, at some point later on, that our investment in the exploration centre is well represented, and certainly I will be asking the Minister specific details as we go through line by line. With that, I conclude my opening comments. Thank you, Madam Chair.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Allen. I didn't hear any questions there. It was more of a comment to the Minister, which general comments technically are supposed to be. Did you want any kind of response from the Minister or can we move on to the next person?

**MR. ALLEN:** I indicated that those would be my comments and I will ask questions later on.

**CHAIRPERSON (Mrs. Groenewegen):** Very good. If everybody did that, we would proceed here fairly quickly. Next on the list for general comments I have Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Madam Chair. I have a few comments on that with regard to the Nahendeh riding, which I represent. I am pleased that the department is striving to do their best to help us prepare for the pipeline and all the benefits it will bring. I just have to keep pressing the point that we have to make some movements because the government's policy is we want the pipeline and we are going to complete this socioeconomic agreement, but back home at a local level, we are espousing all of these philosophies and these ideals that we are going to do, yet there is nothing happening. We are saying we are supporting a pipeline, but at the local level it just doesn't appear to be happening. Right now, I am supportive of the proposed pipeline committee. This committee will address many of the concerns of the Nahendeh riding and concerns of government and how to best implement all the issues that are going to be there. I wonder what the immediate plans are of the pipeline development office.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Menicoche. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. The Member is referring to the Mackenzie Valley development planning division that we have internally, and much of its work at this point surrounds being the lead agency and coordinating departments' efforts to bring ECE and MACA and other government departments and other agencies together as we move forward as we try to plan for this development.

As I mentioned earlier in the House today in reference to Member Groenewegen's questions, we see the need to be out in front on this file. Obviously we don't want this to pass us by. There certainly is a need to be coordinating with local communities, with First Nations governments and also with the federal government, the Department of Indian and Northern Affairs.

We've also been working closely with the Aboriginal Pipeline Group. The Member knows we proposed to continue our funding for that group. This is a development we are getting a lot of feedback about in that it seems to be one of the first major significant projects of its scope and nature that would have full aboriginal ownership and partnership. I think this is something quite monumental and at times may not understand how significant this is, but I think this bodes very well for the future of this development. I think it will be a blueprint for future developments in the Northwest Territories and I hope indeed across the country.

So I hope to continue to communicate with other departments and provide support on behalf of this government. I certainly look forward to working with my colleagues on the joint committee to provide some overall strategic direction to the government in terms of how we best meet the needs and how we best equip ourselves to be out in front as this pipeline comes to fruition. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Bell. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Madam Chair. With reference to the Minister's opening statement, he mentioned about the negotiation of a socioeconomic agreement with regard to a proposed Mackenzie Valley pipeline. I am just wondering to which group was the government going to negotiate. Can the Minister answer that?

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Menicoche. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Madam Chair. Our government has negotiated something called a protocol agreement with the Mackenzie Valley Producers Group, and we are negotiating that on behalf of all NWT residents. From that protocol agreement, there are a number of other agreements or sub-agreements that will flow. In fact, the parties involved have identified 10 agreements or arrangements that are likely to flow from that overarching protocol agreement. There are such things as socioeconomic agreements, environmental agreements, quarries, highways, airport operations, utilities and that has to do with pipeline routing, some public road right-of-ways, improvements to infrastructure including transportation infrastructure and also federal Commissioner's land lease and permit processes, use of local government infrastructure, use of hydroelectric infrastructure and fiscal assurance. So there are a number of sub-agreements that flow from this protocol agreement. The socioeconomic agreement is obviously very significant and important, but there are other agreements as well.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Bell. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Madam Chair. In further reference to the opening statement, as well, is the government is contributing to the training with the oil and gas industry. As well, there are other opportunities through our Department of Education, Culture and Employment. Will the Minister be in a position to speak on any coordinating efforts of our government as a whole? I am kind of leaning towards there being all this funding and opportunities. I was wondering if the government has

looked at consolidating all the government's pamphlets or booklets that it will distribute to the communities and regions. I don't know if the Minister can answer that for me at this point.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Menicoche. Mr. Bell.

**HON. BRENDAN BELL:** Certainly our department is coordinating primarily with ECE and Minister Dent to make sure the maximizing northern employment program that currently exists can be used to meet the needs of local people in terms of getting oil and gas training. It's something we've had ongoing for a number of years. This department is the lead for the private sector partnership fund that works with private sector industry who are looking to develop capacity and expertise in order to be ready for this industry. There are a number of training and development initiatives under MNE, or maximizing northern employment. We are working very closely with the Department of Education in that regard. You make a very good point about the consolidation of our efforts, the consolidation of our message, speaking from the same page and with one voice on oil and gas training. There will be, I believe, a number of federal pots of money that we can either access ourselves as a government or help aboriginal governments or communities access, but there is going to have to be one window and one point of contact for much of this information as we try to disseminate it to communities. I certainly take the Member's point, and I think that it's a very productive suggestion and just the kind of suggestion I am hoping will come from our joint Minister/regular Member committee as we sit down to provide overall strategic direction for this initiative. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Bell. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Madam Chair. That's how they view it in the small communities. They get overwhelmed from information from one department and another department. I think some of their concerns were that the government has all these departments, especially in light of the development that's going to happen and our government's willingness to help the communities, but they always complain about the lack of capacity, the lack of ability to research, so I think if our government was able to prepare some kind of pamphlet, it will help our communities to be ready, to know where to go for the right type of funding. I would just like to say that as my comment and I will continue to pursue it and hopefully it will provide something that the communities want and need and they are at the fingertips when it comes to training and oil and gas opportunities. Thank you.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Menicoche. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Madam Chair. I will leave questions to the appropriate time and try to save some time here. I know the new Minister has taken quite an active role in learning about the department and he has to be commended for that. Going through the draft mains with him, he was very knowledgeable on his department. There is definitely going to be some change at RWED. That's in the cards. It's going to be happening. With change, we have to try to take that as an opportunity to get somewhere to streamline some things. In a department the size of RWED, there can be some



reductions and cost-savings measures that can come as a result of it. The one thing I was hoping that we would get a briefing on is the BDIC, the amalgamation of the Development Corporation and the BCC. I am not sure exactly where that is. The legislation was supposed to have been ready at the end of the 14<sup>th</sup> Assembly and for whatever reason, it never saw the light of day. I don't know if it's hiding in a closet some place or where it is or why the Governance and Economic Development committee wasn't afforded a look at that legislation or where their department is at with that. I was a bit disappointed with that happening.

The other thing, and Mr. Allen spoke of it and I have seen it happen as well, with diamonds and oil and gas, a lot of things get caught in the shuffle in RWED, especially tourism, fishing, agriculture, forestry. Some things get pushed to the side and I don't know how you give those things a bit more of a profile, but that's something I would like to see this government work more toward is the economic diversification and not try to put all our eggs in one basket. It's almost Easter, so I can say that. The last government seemed to be concentrating on diamonds and oil and gas, and I would like to see us branch out a little bit more and with the division of the department, I think that might afford us some opportunity to do just that. I am happy to see some of the commitments the Minister made to us during committee on the department. Again, I will ask my questions at the appropriate time. Thank you, Madam Chair, for allowing me general comments.

**CHAIRPERSON (Mrs. Groenewegen):** Thank you, Mr. Ramsay. Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Madam Chair. I was really pleased to see in the opening comments by the Minister about the protection of the environment for generations to come as a central priority of the department. When the proposed Mackenzie gas pipeline was talked about in my region, I had some real concerns with regard to the environment and how our land should be protected, our water will be saved and the food that the animals eat that would be sustained for generations to come. One of the comments from one of our elders said that a pipeline is going to come down. We see it already. We have to protect our land. It's good to see the Minister make a comment that his department is taking the process as a central priority for his department in terms of the protection of the environment. I will ask the Minister some questions on the funding and the type of approaches that he is going to use in terms of the protected areas strategy in the Northwest Territories. Things are moving fast and we are doing some work in our protected areas strategy in the Sahtu and the other regions also and the type of support this government is going to give in terms of the protected areas strategy concept. I will ask the Minister some questions later on about that.

The other one is the abandoned mines and industrial sites. In the Sahtu, a lot of work has been done on the uranium issue. Along the Great Bear River, there are a couple of uranium sites used as stockpile. In my community of Tulita, there are two sites of uranium that are a hot issue for people. Right now, the governments are deciding who is responsible for it. As the beat goes on, the uranium site and gravel stockpile is still sitting in our community. Some people are very concerned about it in my community and very emotional because the uranium has done a lot of harm to my people in the Sahtu region.

There is a site at the airport that nobody seems to want to take responsibility for. People drive by every day and look at it and are curious to see who is going to make the first move in terms of helping the people in that region.

My comment has to do with the support this government is committed to in promoting excellent trapping in the Sahtu region. As you know, we have a project in the Sahtu region to get our young people and now they have women also in the trapping program that they have. Part of our cultural teaching is sporting as a cultural initiative. Not everyone wants to be pipeline workers or work in industry. Some people want to continue on with their traditional way of life of trapping. So far, I have heard some really good comments from the people who are in that trapping program. We are supporting our young people to go into that type of lifestyle and I think that is a very healthy lifestyle. I would like to commend the Minister in his support to that.

The last one I would like to comment on is the Mackenzie gas pipeline initiative. APG is going down the Mackenzie Valley asking for ownership by different communities, organizations and land claim groups. In the Sahtu, they are saying the Sahtu can own up to 34 percent of the pipeline. In the Sahtu what we are looking at is a business deal, strictly a business deal with ownership. We are not sure of how many communities are going to enter into that ownership deal, however we are working on ways that we need to get together and I see that the government has given dollars in terms of APG in terms of administrative expenses on the pipeline ownership. Our communities are also looking for some kind of support for that. We need to get together and put together a financial package and talk to people and see if this is a good deal. We need to have the resources in our communities to look at the APG and look at the risks of having ownership in this pipeline. Right now, they don't know who to turn to see what kind of resources they can get to support them. I am glad the Minister said there is a possibility of looking at a one-window approach to look at all these issues of a pipeline, but in the Sahtu region pipeline ownership is strictly a business deal and we need to do some analysis in terms of entering into that business deal with APG.

Another aspect of this pipeline is we access benefit agreements that organizations are negotiating in this pipeline deal and how these benefits will come to the people in the communities and the region. Again, we are looking for some leadership in terms of government, along with other governments, to look at some of the commonalities and common needs of people down the Mackenzie Valley in terms of negotiation and support in terms of access and benefits that will flow from the Mackenzie gas pipeline to the people in our communities.

The last one I would like to point out is community infrastructure. It's the capacity building that needs to happen in our communities in terms of the development that's going to happen in the Mackenzie Valley. It's strengthening people in the communities, and I am glad the Minister has talked to the point of involving the Department of Education, Culture and Employment. That's one point that we stress always, the need to start putting an action plan together, because 2006 is coming pretty fast. Right now the Sahtu is looking at putting together an action plan that would look at initiatives that would create opportunities for people and companies, but also look at capacity building in our communities where there is a potential Mackenzie gas pipeline.

Madam Chair, these are my comments, but I would like to stress the protected area strategy and funding for that initiative. I will leave it at that. Thank you.

**CHAIRMAN (Mr. Ramsay):** General comments. Mr. Pokiak.

**MR. POKIAK:** Thank you, Mr. Chairman. I am glad to see you will continue the studies for the Peary caribou. I hope it's in Sachs Harbour. I know they are having a hard time over there, so my general comment is the people in Sachs are concerned about the numbers of declining or increasing Peary caribou. RWED has done a number of studies over the past four years to find out exactly what is happening with them.

The Peary caribou is very important to both to Sachs and even Holman. I was visiting sometime back when John Nagy, one of your workers, made a speech to Holman and Sachs that some of the studies were happening. It's unfortunate; at the time they still don't know what was happening in my riding. Hopefully one of these years RWED can find out exactly where the Peary caribou are. It's good to see the study goes on. It's unfortunate that the people in Sachs at the present time are only allowed one caribou per household, so they are in dire straits and would like to know what's going on with the Peary caribou. Hopefully one of these days we will know exactly what is happening with the Peary caribou.

I think it would be interesting to find out from your department and to give some assurance to people in Sachs that one day they will be able to get the numbers that they require for subsistence.

Again, it's good to see they are going to continue to support the muskox harvest because it is vital for them. It's an economic base for them, although minor and small. That's money they can have for a small community like Sachs. It's important your department continues something like that. These are some of the general comments I have. I may have some questions later. Thanks, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Pokiak. I would just like to caution Members not to reference individual employees, if you could. Thank you. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Mr. Chairman, I am going to take a different tact from the rest of the colleagues so far and ask some questions on the opening statement and refrain from general comment. Mr. Chairman, I have a question on the first page and it has to do with travel expenditures. Earlier this afternoon, I tabled the document that was given to us by the Minister of Finance. I don't have a copy of it at the moment, but I think I memorized it. RWED had somewhere in the amount of about \$12 million in travel expenditures for the year 2002-03. Sorry, maybe it was \$10 million and it was adjusted for travel expenditure for fire suppression and such. There was still about \$2.5 million in travel expenditures. Why is it that travel related to fire suppression would be included in that way? Why would it not be under the separate budget for the fire suppression section? Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** The Member is correct in that there is \$7.5 million in travel expenditures attributed for 2002-03 to presuppression and suppression essentially under the fire activity. It would be quite difficult to go through that travel knowing that it is non-discretionary and seek to reduce that. So the travel reductions were based on discretionary travel and once that \$7 million is taken out of there for things like air contracts and aircraft, we end up with \$2.677 million in 2002-03. Of that, 25 percent constitutes \$669,000, so that was the targeted reduction: \$669,000.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I don't believe the Minister answered my question. I wanted to know why the \$7.5 million for fire suppression travel is included in this way, and not under the fire suppression division budget. At the same time, how much is the fire suppression division budget that includes everything else that it does? Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** I understand that in 2002-03, aircraft contracts were included in this travel item. Going forward we made the decision not to record it that way, and we think that this makes more sense. So I think we certainly agree with the Member. But at that point in 2002-03 it was included, so we had to back it out for this exercise.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Perhaps I will pursue that issue further later when we get to the fire suppression section, but I have another question on the Minister's opening statement and it has to do with an item on page 2. There is mention of a program that would promote consumption of energy and other areas. The government is planning on spending \$560,000 and there's a potential for partnering with the federal government. I would just like to know more about this because I've had inquiries from constituents who were quite surprised that the NWT being an area because of its cold weather there's lots of consumption of energy, yet there seems to be no program that would provide assistance to people to renovate or enhance the features of their houses so that their energy costs would go down. So I would like to know more about what this program will do and if that would do anything similar to that. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Obviously we do use a lot of energy in the North to heat our homes and for other things, and it is very important and I think we can make major inroads in this area. It is very important for us to make this a priority.

The Member asked about the energy conservation program. That's our program and it provides financial assistance to support projects that reduce our usage of electricity and heat energy and water. We have \$300,000 budgeted this year. We also make a contribution to the Arctic Energy Alliance. They deliver energy management

programs on behalf of our department, and also seek to lever as much federal money as possible, because obviously they are able to make and do a lot of good work with our \$260,000 by partnering with other federal agencies. We have found and we believe that going forward there will be more and more federal money available in these areas. With Kyoto and with other commitments the federal government is making there's a real need to make this a priority across the country, and these will be our agencies that enable us to take advantage of a lot of this money.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Is this program already up and running and implemented? If so, what is it called and where do the individuals have the opportunity to apply for this? Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister

**HON. BRENDAN BELL:** Yes, both the energy conservation program and the Arctic Energy Alliance are up and running and doing work. We certainly have contact information for anybody interested in contacting either the Arctic Energy Alliance, or for that program contacting our department through the environmental protection branch of our department and our government.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. My next question has to do with the tourism industry and the Minister's opening statement on page 6. I see a mention of a budget for \$375,000 to help develop new tourism products and concepts. This is a huge department and the Minister has a number of obligations, and I'm sure I could make many comments about where I want to support and what I want to see enhanced and such, but I'm refraining from that. I just want to put that on record in the interest of time. I think the tourism industry is something that we need to do a lot more on. I think the committee report already mentioned the fact that the NWT Arctic Tourism has not seen an increase in their tourism funding for many years now, and our contribution to the tourism industry, represented by NWTAT, is much, much smaller per capita than our neighbours in the Yukon, for example.

Having said that, I would like to know what this project is, a \$375,000 program, whether it's a new program and would it be open to the tourism industry or tourism operators. How is this going to play out? Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. It is in fact a new program; new program dollars here, \$375,000, and it will be divvied up among the regions so that operators can work on product development. We would like to see this increase. We think it is very important and a worthwhile initiative. I would agree that we aren't able to spend the kinds of dollars that other jurisdictions do. Other provinces use economic development agreement money at times to partner with the CTC, the Canadian Tourism Commission, and lever even further additional dollars. We don't have an EDA, we're hampered in that regard,

but neither does the Yukon and they do spend more money on tourism that we do. Really it's a matter of priorities. But we recognize that we're getting a lot of good work out of the NWTAT -- I would acknowledge that -- and for relatively little money. I think we'd like to do as much as we can going forward in future budgets to recognize that and make sure we reward areas that have been successful with limited funding. Aside from the \$375,000 in this regard in this budget, there isn't any additional money in that regard.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I just want to use up my last minute to speak about fire suppression contract. I think the Minister remembers not too long ago, about a year ago, there was a huge debate in this House about the negotiated contract for fire suppression. At the time what I learned is it takes about three or four years of preparation to make sure that the next time around the process will be open to at least the NWT contractors, because of the fact that the terms of reference is very complicated and it takes two or three years to write them to make sure that they meet all the necessary requirements. So I would like to ask the Minister whether or not he's had a chance to address his mind to it, and what he plans to do to make sure he meets those timelines. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. Mr. Chairman, the current contract expires in 2007-08. The Member is certainly right that we have to get the planning in place and make sure we signal our intention to go to a competitive process prior to that. It's my intention that for the land-based DC-4 aircraft contract that expires in October '07 and the CL-215 contract expiring in March of 2008, it's my intention we would go to competitive process. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee, your time has expired. I'm going to move on to general comments. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. I would like to proceed by asking a few questions. I would like to go to page 3 of the Minister's opening statement. The Minister references proper closure and remediation actions, and if he could define on how he plans to do that. That's with regard to abandonment and contaminated mines. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. Certainly much of this responsibility is a federal one. Lands and resources are under federal control. These mines we're mining under their watch, and we've made a point to make sure that we continue to press the federal government to acknowledge its responsibility, acknowledge these liabilities and to clean them up. I was personally very encouraged to see in the last federal budget \$575 million, I believe, earmarked for contaminated sites cleanup. We recognized at that point and had a lot of good discussion in this House about the need to make sure that we made enough noise to make sure that our priorities would be

addressed and would make it to the top of the heap. We're certainly paying very close attention to the upcoming federal budget to see if there will be additional monies earmarked for contaminated sites cleanup. Obviously \$575 million is just scratching the surface with the number of contaminated sites across the country. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. My next question will be on page 6. It was earlier referenced by another Member with regard to the \$375,000 that will help ignite new and attractive products. Could he refer to some of the products as an example? He suggested that that \$375,000 would be broken out to I believe I heard him say all regions, and I'm trying to understand what products he's referring to with regard to the tourism industry. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. I should clarify, I said that this was new program money and I meant it's new in this current year, 2003-04, and it is ongoing, 2004-05. Really the product development; as I've said, this is \$375,000 that will be divvied up among regions and there are criteria that we've laid out. So in order to determine what proposals would be eligible to receive product development funds, the criteria and guidelines were established. We know that the funds would be aimed at existing licence tourism operators in the NWT to make the best use of this money. I think that's important. But also, we're allowing for new or emerging tourism operators or secondary tourism businesses to also access this funding. So it really is up to the creativity of the entrepreneur to put forward proposals for product development and we would fund them in that regard.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. Referring to page 7 of the Minister's opening comments, if the Minister could elaborate when he refers in the last paragraph to lobbies against the proposal price subsidy for Alaska gas. Could he expand on what his department is doing when they refer to lobby, and if that's a financial commitment or if that's strictly a knowledge-based infrastructure, paperwork, et cetera? If he could expand our role as a lobbyist. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. BRENDAN BELL:** It has required the expenditure of funds over the past few years. Certainly we have been trying to get a sense of what Congress and Senate intended to do in their energy bill, and it has been through a few different iterations. I think the latest version is looking at a slimmed down energy bill that wouldn't have the proposed floor price subsidy for Alaskan gas included. There are a number of other measures. It's still, at this point, up in the air. It's sort of uncertain as to what version of this bill will pass through the House, or if it will be sort of divvied up into one-off initiatives. But in any regard, we have had to pay for some intelligence on the ground so that we understand what Senate and Congress are

proposing to do. But as you know, both the Canadian government and this government have been against the proposed floor price subsidy. We think that that is a distortion of the market and has no place in development of this nature. We do support, however, more conventional support tools such as loan guarantees and things of that nature.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. If I may, just for a moment, expand a little further. To my knowledge, if I remember correctly, President Bush said that they would not disrupt the market. If I remember further correctly, when Ambassador Cellucci suggested the same thing, that the President would not influence the market. Do we have Intel that tells us otherwise, and that's why you continue to lobby this? Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. We've always recognized and the U.S. administration has always been fairly clear that they didn't support the floor price subsidy. Our concern has been more with the bill going through the Senate and the bill going through Congress. We also, I think, have to keep in mind that with future presidential elections, we can never know what future administrations will or won't support. So we felt that there was certainly a necessity to keep up the pressure in this regard. We've heard the Premier talk at length about his concerns, should a subsidized Alaska gas project go ahead and what that would mean to the gas market. So we do feel there's a need to make sure we understand what's happening in the United States. The lower 48 states really constitute the major market for our gas in the Mackenzie Delta.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. Mr. Chairman, if I could draw the Minister's attention to page 9, the first three words, "government certification program." That's with regard to our jewellery and our diamonds. Is that program recognized across Canada? I know it is being noted as one of a kind in the world. Is it being recognized anywhere outside of the Northwest Territories?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Yes, it certainly is. There are three factories in the Northwest Territories that take advantage of our government certification program. I've had a number of discussions with the cutting and polishing industry and they're very happy with the work that this government has done around the certification program, and believe that this government's guarantee of origin and standard of cut allows and helps to build the premium. As we know, we are a high cost area of operation, and any premium in the marketplace is certainly advantageous for northern cutting and polishing operations.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins.

**MR. HAWKINS:** Thank you, Mr. Chairman. I'll just make one comment before I go to my last question. I wholeheartedly agree with the government certification program, and I'll clearly say that because even if the rest of Canada or the world has difficulty buying in, the day they do buy in, the territorial diamonds, although significantly recognized for the value now, the demand will probably increase many fold. I think the recognition of where they're from, being backed up by a lengthy program of certification, I think will serve us well in the future.

My last question I'll proceed with is the NWT Business Development Investment Corporation has been amalgamated, and one of the suggestions of that newly amalgamated corporation was to remove it from Yellowknife and find it a new home within the NWT. Is that plan still proceeding forward? If the Minister could elaborate on that plan, if it is. We have several families in our community quite concerned that they will have to sell their homes and relocate to other communities. So if the Minister could elaborate if that's still the plan of the department. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Hawkins. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. It's at this point, I guess, preliminary to get into that discussion of where this agency will locate, but we are having discussions and I have come before Cabinet to discuss what the legislation would look like and to talk about the new agency. It's this sort of one-window approach to our business development programs in the Northwest Territories. The idea is to be able to rationalize the administration and make sure there's more money on the ground for lending for business programs. As this committee has referenced in its comments, we are proposing to come before committee and make a thorough presentation so that we can have a lot of good discussions about the goals and principles that we have laid out here. Certainly, at some point, one of the things we will be discussing with committee is the location of such an agency. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Hawkins is through. Last call for general comments. Mr. Allen.

**MR. ALLEN:** Thank you. Mr. Chairman, I won't exhaust you too much longer other than to be allowed to go back and have enough time in my previous address to the Minister. I just want to talk about two very important things that I feel I would remiss if I didn't address them at this point and that he may have missed in his opening comments. Again, Mr. Chairman, to the Minister, if we were to foster investment in the Northwest Territories, I would still like to pursue the idea of a community banking system, which I most ardently expressed in my reply to the opening address as a means to try to help develop local economies, local businesses, and take advantage of the opportunities that exist today in our rapidly growing economy. I still think with the number of investments we are exporting to southern institutions leads me to believe that in terms of cash value, we should have a cash asset over \$1 billion, considering if we were to bring back our actuaries, the private public pension plan, superannuation plans, land claimant dollars, and you could list them all. Even if we were to generate sufficient revenues from the interest alone, I am sure we could radically change our fiscal position in the Territories. I just want to raise that point to the Minister that I find in your acts that you do

have a Credit Union Act in the Territories and it remains dormant in our political system as well as the administrative system.

Another one that is very near and dear to ourselves in the Mackenzie Delta is in the context of pipeline unions, and as we continue to liaise with different sections of that economy, we are finding that we are trying to play catch up. Without direct discussion with the pipeline unions, we won't be able to identify the high-tech jobs and, as you know, if you talk to industry, they are very far behind in not only union but also technology standards. All you have to do, Mr. Minister, is that if you go south of the 60<sup>th</sup> parallel, you will find that the standards of employment change quite drastically from the NWT. I believe one of the areas that was raised to me in my meeting last Saturday in High Level -- a day after the Health and Social Services Minister was there -- was that there is a huge gap between highly-skilled employees and those who need huge investments in training programs. I strongly believe that you need to really sit down with your colleague, the Minister of ECE, to identify and meet with the union bosses to strengthen our union ties with them, and I am pleased to see that the Union of Northern Workers has addressed a letter to myself that is in contrast to the department's response. I think we need to really be cognizant of that fact.

Those are the two areas. I will be pursuing questions later on, Mr. Chair. At the moment I want to take the opportunity to elaborate on the importance of those two areas I missed earlier. So I thank you for your indulgence. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Allen. Mr. Minister, did you want to comment on Mr. Allen's comments? Thank you.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Some very good comments. I think that we talked about the BDIC and the future of business programming in the Northwest Territories. I think that it has to be about efficient and effective program delivery, and it has to be slimmed down administration. We have to look at all of the tools available to us, and if there are banking mechanisms, banking tools that we need to consider that we haven't to date, then I am certainly prepared to do that.

The Minister did reference the Credit Union Act. We have, and I know the Member is aware of this, but we commissioned a Bankers' Commission report that provided us with some advice and recommended the creation or the amalgamation of this agency, the BDIC. It pointed out, just as the Member has pointed out, that one of the key hurdles and one of the main things that really restricts the ability of businesses to grow in the Northwest Territories is this limited access to capital. I think the Member has made some very good points, and certainly we have to consider all aspects of this, and we have to consider if there are avenues and approaches we can take to repatriate northern money to make sure that it circulates in the Northwest Territories and is available for investment in the Northwest Territories. Then it makes no sense not to do something about it and try to pursue as many angles as possible to make that a reality. Obviously this requires some pretty heavily skilled individuals and some significant expertise, but I am certain that we can find that resource and discuss these issues with the Members in an intelligent manner.

The Member also referenced pipeline development, the impact that unions will play, the nature of jobs, and the nature of employment on the pipeline. I would like to tell the Member that I have had meetings with the Petroleum Services Association of Canada to better understand the nature of employment on the pipeline, and better understand who the main employers are. I think there is a misperception that it will be the producers who are employing the bulk of employees up and down the pipeline when, in fact, I think much of this work ends up being subcontracted. So I have had a good discussion with the Petroleum Services Association and their membership. They represent many Metis companies who are involved in the industry and are smaller-scale employers. I think it is important to understand how they think and how they operate, and what is important for them. Certainly through our protocol agreement we are seeking to meet with industry, larger industry and some of the smaller individual companies to discuss the very nature of the employment. It is important for us to get a handle on this. I know the Minister of ECE has also been involved and we have recognized that unions will play a role in this development, but so will employers. Employers will also play a large role and it is important for us to understand from these employers the nature of their needs. I want to thank the Member for those very good comments.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. I will move now to Mr. Villeneuve.

**MR. VILLENEUVE:** Thank you, Mr. Chair. Just a couple of comments on the Minister's opening remarks. I was glad to see that the environment is the central priority for this department, and through the air quality code of practice, the Arctic Energy Alliance, energy compensation program and the biophysical study, and all of the rest of the other studies that the Minister pointed out in his opening statement. Just a couple of questions on the \$575 million that the federal government has allocated for mine cleanup in Canada. I am wondering if the department has developed any kind of a mine strategy, or remediation strategy, and if the department has allocated any money toward any mine remediation actions that still remain unspoken for and unnoticed to leverage maybe some of this \$575 million that the federal government has allocated for cleanup.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Villeneuve. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. This money was only relatively recently announced. The fact remains that most of these almost exclusively, I suppose all of these contaminated sites are in the federal jurisdiction. So we have had a role to play to try to make sure that we create awareness around these. Through devolution we will take more control, although we are consistent that the federal government recognize these liabilities and resource us accordingly if we are going to take control of these. I think there are liabilities we are aware of, the ones we are all talking about, and there are most likely liabilities we are not aware of. We have to make sure the federal government recognizes their responsibility for these liabilities. So our approach has been to meet with the federal government officials and make sure they recognize their responsibility to clean these up.

Specifically with certain mines such as Giant, we continue to lobby the federal government to come up with a concrete work plan and cleanup approach that we can support and get on with some of this work. Our feeling is that we want to see the government move now while these funds have been identified. They're here now; later, who knows. We hope that the funds will increase, but we're realistic and recognize that we have to get up to the table to make sure that our contaminated sites are taken care of and cleaned up, and our preference would be that that happen first. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Villeneuve.

**MR. VILLENEUVE:** Thank you, Mr. Chairman. I just want to ask the Minister if the department is going to be initiating or compiling any raw figures. I know we have a number of mines that haven't been properly closed or remediated for the past 25 years. I'm just wondering for the NWT if the department has really compiled any data as to how many mines we do have that have to be cleaned up, and is looking to secure any level of funding through leverage or any federal government programs that would be able to be establish approximately how much dollars we would be looking at in cleaning up the mines over the next 20 years.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Villeneuve. Mr. Minister.

**HON. BRENDAN BELL:** As we move forward on our devolution negotiations, waste site negotiations comprise a key component of those negotiations and it's our feeling that we want to make sure that, as I've said, the federal government recognizes the liability as their responsibility and that there is a costing of these responsibilities. It is difficult because I'm sure there are contaminated sites, waste sites that we're not aware of yet that could have been buried over the years. We want to make sure there's an acknowledgement that any future waste sites are also the federal liability and not ours.

But having said that, the federal government has undertaken an initial inventory with some preliminary costing of waste sites across the country. We've been going from that data and seeking to verify that as we move forward on our devolution negotiations. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Villeneuve.

**MR. VILLENEUVE:** Thank you, Mr. Chairman. Maybe just a couple other points with the wildlife studies that are taking place, which include the wood bison. I'm just curious as to the new program here to enhance the territorial muskox harvesting exporting industry. I'm just wondering if this agriculture policy framework agreement would include bison management in the five areas of the NWT.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Villeneuve. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Yes, it will. I know the Member has expressed his concern about the Hook Lake bison herd a number of times with me. We've had some good discussion about this and I'd like to reassure the Member again that we are prepared to sit down with the community and discuss options going

forward. It's true that we don't have a concrete game plan laid out before us. We think it's important to work with the community, there are a number of options potentially on the table. We'll find one that works for the community and move forward on that basis. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Villeneuve.

**MR. VILLENEUVE:** Thank you, Mr. Chairman. I would like to thank the Minister for his commitment to sit down with the community and go over some of those options. Just another quick point on these fuel-type maps for the NWT to be completed in the next couple of years. I'm just wondering if these maps would be able to ascertain what the potential forest development that would be sustainable in many areas of the NWT that they're looking at developing some type of forest industry.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Villeneuve. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. We are conducting forest inventories and these are something that go on, obviously, indefinitely, because the dynamic and the amount of timber changes and evolves and there are fires continually and there's a cycle of renewal. So it certainly is something that's dynamic and not static. We do have forest inventory work and there is a plan for 2004-05. Our goal is to have a complete inventory of forested NWT lands, because we have reporting needs and requirements in order to meet our need for sustainable forest management and we continue to work on that. So we will be moving to finalize the forest inventory strategic plan. Much of this is around being able to anticipate exactly what kinds of harvests of timber in future would be sustainable. I think there is certainly an interest in us being able to come forward and be certain of that information.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Villeneuve.

**MR. VILLENEUVE:** Thank you, Mr. Chairman. Just one more quick point on the commercial fishery in the NWT. It says here we will provide more than \$390,000 in industry support payments. I'm just wondering how much more of \$390,000 the Minister is referring to.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Villeneuve. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. I believe we're contributing \$395,000 in 2004-05 to this program. I think there are three or four schedules laid out. One is to help Great Slave Lake fishermen with transportation costs. It's obviously a long way to market. Another is to help them improve capital and make reinvestment in their fleet, in their equipment, to make sure that it's as modern as possible. We acknowledge that it's not a lot of money. We certainly would like to do more. The Great Slave Lake fishermen are not currently catching the quota. I know costs have been done for some time, that is a concern for us. We have had discussion with Great Slave Lake fishermen around a need to really take a future look at the fishery and try to look out and see if we can't determine in five, 10, 15 years what the future of this fishery will be, because there are a number of options on the table for investment including petitioning the Freshwater Fish Marketing Corporation to improve the plant and facilities in

the Hay River area so it can be more efficient. We can cut down on costs and improve the margins in this industry. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Villeneuve.

**MR. VILLENEUVE:** Thank you, Mr. Chairman. Maybe just to follow up on that same question. I'm just wondering if any capital or infrastructure dollars or any kind of business support has been given to the freshwater fish marketing plant in Hay River in the last five years.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Villeneuve. Mr. Minister.

**HON. BRENDAN BELL:** I can certainly confirm this for the Member, but we're not aware of any financial aid that has been given to that facility. It is, I believe, owned by the Freshwater Fish Marketing Corporation. If anybody was going to make a capital investment in that facility it would be that corporation, but we have provided capital, as I said, under this existing program to fishermen to upgrade their fleet. But specific to the plant, no.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Villeneuve, your time has expired. I'm going to move now to general comments. Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Chairman. I'm just going to make a few comments and a few questions on the Minister's opening remarks. I'll have more questions when we go through page by page. I wanted to start on page 2 with Arctic Energy Alliance. I bring up this Arctic Energy Alliance quite often, and I must be missing something or nobody has ever been able to explain to me or show me the concrete evidence of the value that we're getting for this outfit. I just see an enormous amount of duplication of what this Arctic Energy Alliance does with anything from hardware stores to Wal-Mart to the Power Corporation, you name it. I just have yet to see something concrete come from there, and maybe I'm missing something. Maybe just somebody hasn't explained it to me right. Now I'm even a little more concerned, because now we're talking about \$560,000 and to leverage another \$1.5 million in federal dollars, I'm not sure how this is worded in here. I would like to get clarification. The \$1.5 million from the federal government over the coming years, is that \$1.5 million per year over the next coming years, and is this money all administered by the Arctic Energy Alliance, Mr. Chairman?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Yes, I believe that the \$1.5 million in ongoing future years that we're hoping to lever from the federal government will both flow through the department and through the Arctic Energy Alliance, depending on the program. Obviously one of the reasons for having the Arctic Energy Alliance is it provides us a mechanism to flow federal money easily to consumers so that they can be involved in programs to help reduce their reliance on fossil fuels and other initiatives. I think the past funding level of \$200,000 for this agency through RWED, there is the \$300,000 for this other program that we talked about earlier, but it allows us to do things like energy audits and it has an educative mandate. The Power Corporation also funds this organization. We are partners with the Power Corporation

in this. But I think it is a very tangible way that we can lever our federal investment in this regard, and I think that there will be more and more federal investment in this area in future. Certainly we can have some discussion about the mandate of this agency. Where there is duplication, if there is duplication, I certainly think it makes sense to sit down and address that and talk about it. I know this is something that the Member has been raising for a number of years, and I'm certainly prepared to enter into that discussion. But I do believe we need a mechanism that allows us to take advantage of a lot of these federal programs.

I think in past we may have missed out on a lot of federal money, and I want to make sure that that doesn't happen, that wherever there are federal pots of money we can take advantage of it and I think we need a mechanism to do that. I think the Arctic Energy Alliance can allow us to do some of that. So as to mandate, we can certainly have that discussion though.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Chairman. I guess that's one thing that I would be willing to sit down with somebody and really go over this. Is what is given in here at what the Arctic Energy Alliance addresses is consumption of energy, control of emission of greenhouse gasses and plans for changes and warmer climate? Every department does that now, and I just think that it's a duplication. I think if the Power Corporation was carrying out and identifying the same projects that the Arctic Energy Alliance is going into, that they would be able to leverage the federal money if it's the program delivery in certain areas. My concern with them is with the duplication. But I will leave it at that for now. I would be willing to sit down with the department and have them convince me that there's more to it than that. So I will leave that one at that for now.

I would like to go on to another area, and that's on page 3 where in cooperation with the Government of Alberta we are developing an integrated information management system to store and share wildlife population and habitat data. I would like to get more clarification on that. We have some information systems within our government right now that are just building and costing huge amounts of money. I would like to know a little bit more about where we're going with this. Is this another huge bureaucracy that's going to be developing and growing to store wildlife information? Could I get more explanation of this one? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. I've paid attention to the Member's concern, and it's a concern that we've had as a department. We recognize that we needed a cost-effective way to gather this information on wildlife population and habitat data. We need good baseline information, especially with the pace of development in the Northwest Territories. It's important that we're able to recognize where there are impacts and be able to mitigate those impacts. Without good baseline data, we aren't able to do that. So the rationale for the approach here was to avoid doing just what the Member has suggested, and that was to take on a very costly mechanism and set up a very costly system on our own. So the idea here really

was to partner with the Alberta government and cost share this. The rationale then for this, in April 2003 we did enter into a memorandum of agreement with sustainable resource development of the Government of Alberta, so that we could get a copy of this wildlife management information system. It's under development, but we're working with the Government of Alberta to see this to fruition. We think this is a very cost-effective mechanism for us to move forward on. I think we don't have the money to do this on our own, and so that's why we partnered with the Government of Alberta.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Chairman. Just a comment on that then. I know that in talking with different organizations, it seems to me that every land claim group and self-government group is in the process of doing that same thing: taking wildlife studies and establishing data. Again are we duplicating a system that's already in place, or is it all tied in with the same program?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. BRENDAN BELL:** Certainly there are land claim organizations doing pieces of work in this area, but we have a responsibility as the overall public government to establish a system Northwest Territories-wide, and other organizations are able to feed into the system and contribute and make use of it. But we think that we need one system that will collect this information and collect this data. It can be used by our aboriginal government partners, but we have a mandate to do this work and it's certainly important that we do it. We simply can't assume or wait for others, even the federal government to step into this area where we have a mandate. It's our feeling that if we don't do it, it won't happen and we don't think that that is appropriate or acceptable, especially given the pace of development.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Chairman. I guess I bring that area up too, is where again the possibility of a lot of duplication going on, of two outfits doing basically the same thing.

Anyway, I'd like to go to page 5 and make mention of the forest industry. Again it mentions here that a pilot project to develop a more cost-efficient and timely way to collect forest inventory information will be completed during 2004. Another area that we've been talking about for four years is forest inventory. You get everything from it's going to be done in five years, it's going to be done in 10 years, it should be done. When we first started talking about it four years ago, it was going to be done in two years, but we're still talking about it now, we're developing a pilot project. Where are we with forest inventory and where are we going with it? What are we getting for our money with doing this, for looking for value for dollars spent? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. BRENDAN BELL:** Thank you. I think it's inescapable that this is something that has to be done in



perpetuity, because continually there's a cycle of renewal and the forests are changing, and we need to continually update our inventory. It's important that if we're going to have sustainable forest management that we do this work. Certainly it is costing us money, it has been costing us money. We felt that it was a priority for this government. I know in past there hasn't been a lot of harvesting and we think that that will likely change in future as land claims are settled, and certainly land claim organizations may in fact themselves want to get more and more into this industry. We've been participating in FPT conference calls with our counterparts in the rest of Canada to make sure that we understand and are keeping track of issues that relate to the export of softwood lumber. We want to make sure that when in fact this industry is ready to be developed in the Northwest Territories, that we have some quota and some accessibility without tariffs and without duties to the U.S. market. So we're paying attention to that mostly because it's in a forward-looking regard. We think this could potentially be a large industry in the Northwest Territories and we will continue to do this inventory work. Obviously we are going to do it in the most cost-effective manner possible. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. If there are no other comments, what is the wish of the committee? Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Chairman. I thought you had somebody else on your list, but there are a few other areas I just want to touch on. I would just like to mention a few things that jump out at me on page 7. When we talk about support for Mackenzie gas projects and the pipeline, I see here that you identify support to the APG of \$250,000 for administrative expenses for the GNWT. You also mention in here that this support will continue for the next six years. That jumps out at me because we, across government, for many projects whether it be in Health and Social Services or Education, in trying to get a commitment from government for long-term funding, it's very hard to get any kind of a funding arrangement for more than one or two years. Here we have this money for the next six years. I am wondering exactly what this money is for and what kind of an accounting process is there for this money. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. It is a contribution to the APG to help them resource the work that they are undertaking. Yes, it is a level of support that we are proposing continue for a number of years. I think it's important to provide the kind of stability and certainty that we think is needed in order to get this business deal off the ground. We think there will be a monumental return on the investment if aboriginal groups and northerners are able to take advantage of this pipeline, not only through the typical employment and business opportunities that we've seen in the past, but this shift to actual aboriginal ownership is one that we see makes a lot of sense and we think it's a model that is groundbreaking and will be duplicated in future and allows us to move into entirely new territory. I think it's very exciting. I think the fact that we've expressed our commitment to try to get this money for the next six years, indicates and is a signal that we place this pipeline development and Mackenzie Valley development in general as one of the highest priorities of this government. We really think the impact for people in that area who haven't had the benefit up and down that

pipeline of economic development that we have been more fortunate in the North Slave with mining, we think there are real benefits to those areas and want to do whatever we can to support that.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Chairman. I wouldn't want the Minister to get the impression that I don't think the APG is a good project. I think it is critical to get the whole project going as far as running the pipeline. We just heard in the diamond industry how government supported major industry getting developed in the diamond industry, but here it seems to be a totally different approach. Rather than securing loans with loan guarantees, now it's strictly a contribution. We are talking fairly good money here. We are talking \$15 million over six years. If I had another question it would be on this whole page, the work the APG is doing as far as getting ownership in a pipeline and preparing for a pipeline, and then the contribution for funding for aboriginal organizations of \$360,000 a year, and the same with the private sector partnership of \$500,000 for on-the-job training. Do these funding pots not tie in somewhat supporting somewhat the same groups?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Certainly it's a possibility in certain circumstances that groups are able to access more than one pot of money, but the private sector partnership fund is something that is targeted at industry for on-the-job training in the oil and natural gas industry and also targeted at mining, tourism and construction, and that is different than funding to the APG and different than the \$360,000 that has been earmarked for aboriginal organizations to help build capacity. I think this funding is treated the same way as other contribution funding, and other organizations have to demonstrate that they are spending the money in the manner that has been laid out in their proposal. For instance, industry, through the private sector partnership fund, will have to demonstrate the job creation or the training that they are delivering, and there is an accounting of that back to the department. Obviously it's public money and we want to ensure that it is spent on these initiatives. That's certainly very important and we recognize that. We think these are pieces of our overall strategy and this overall strategy is going to be more clearly fleshed out and is going to have more strategic direction as we sit down with regular Members and my Cabinet colleagues to set up this new committee that will provide this strategic direction in this regard. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Delorey.

**MR. DELOREY:** Thank you, Mr. Chairman. I am certainly glad to see in the Minister's opening remarks that he makes reference to the manufacturing industry and that he brings forward the growth in manufacturing export. I certainly would encourage the Minister and his department to continue looking at this area of development and growth in the Northwest Territories because it holds youth potential. I would just encourage him to continue that.

I just wanted to make one comment regarding the Department of Education, Culture and Education and the fact that you have published their response to the Arts Strategy Advisory Panel report. Then you go on to say both departments will carry out immediate initiatives and conclude a more comprehensive strategy. I am just wondering if I could get more information on that. Are we going to head into another strategy to implement what the panel has reported? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Delorey. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. The intent is not to do another strategy. We have the strategy. Now we are talking at this point about a detailed work plan and our department is sitting down with ECE to work on this detailed work plan, and I believe we will have that information and be able to come back to committee and lay that out for you. At that point, we can get your feedback and thoughts and comments on the work plan as it's proposed.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Mr. Chairman. I was listening to the deliberations and what is not what was in the opening statement, was reference to an economic development agreement with the federal government. Because in my riding, we are talking some pretty significant capital investments and some of the initiatives that they are talking about like the desire to get into regional airlines, setting up huge joint venture companies in preparation for the pipeline development. I am just wondering if the Minister can just give me a brief update as to our lobby efforts in getting an EDA or striving towards an EDA for the North. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Menicoche. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. The Member is correct in that we haven't had an economic development agreement since 1996. Other jurisdictions, Atlantic Canada and also the western economic diversification program, do have EDAs and certainly we feel that we have been short-changed in this regard and have been making that point to the federal government. Our predecessors were making that point. We continue to make the point.

Last week, I sat down with the Parliamentary Secretary to the DIAND Minister, Larry Bagnell. I had a chance to meet with him to discuss an EDA. I know that many of you saw the signalling in the Throne speech of this northern strategy. We had a good chance to talk about the northern strategy. My feeling was this should be comprised of not only an EDA, but certainly an EDA should be involved. He indicated to me that he is touring our territory and also Nunavut and Yukon in order to build up a knowledge base and understanding on what our needs are. We made sure he was able to be involved in a meeting with a coalition of business people here locally while he was here to understand our challenges, to understand the need for infrastructure and to hear the message not only from our government, but from our industry partners, from our small business partners, that we do need an EDA. Certainly we expect that by this summer, after he's done the bulk of his work and gone around and surveyed various

stakeholders, that he will be able to come forward and put something concrete forward that would look at an EDA for the North, not just the Northwest Territories, but Yukon and Nunavut as well. We hope that it's significant. We hope that it's substantial. We hope there is maximum flexibility for that money. We don't want something that's too rigid that really ties our hands and doesn't allow us to flow money where we think it's most needed. Certainly we hope there aren't added administrative mechanisms that come part and parcel with this money, because the last thing we need is more administrative overhead when we are trying to flow more money into communities and make sure more money hits the ground. We've made those points to the Minister. We will continue to make those points to the Minister. I am optimistic and hopeful that we will see an EDA. I think it's a long time coming.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. If there are no further general comments, I would like to see if the committee would like to proceed to the detail of the estimates.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Okay. We are on page 11-7 of the estimates. We are going to defer this until later. Page 11-9 is the corporate management, operations expense, total operations expense, \$15.925 million. Mr. Allen.

**MR. ALLEN:** Thank you, Mr. Chairman. With respect to corporate management, I would like to ask a couple of pertinent questions to the Minister. It's with regard to the pursuit of excellence. I wanted to raise a point on the industrial initiatives and see if the Minister would respond and give us some indication of what he plans to do and implement in terms of strategy planning as it is articulated through the activity description. Could the Minister reply to that question?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Allen. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. The industrial initiatives portion of this program comprises \$1.49 million this year and that is to allow us to work with our partners to set up primarily socioeconomic agreements and then monitor them going forward to ensure that we are getting the benefits from development that we believe we should be getting. It's very important obviously to not only set up these agreements, but to then monitor them on an ongoing basis. That is what this money is for. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Allen.

**MR. ALLEN:** Thank you, Mr. Chairman. My second question then it to ask the Minister if he would consider rephrasing it to reflect a covenant, which is a legally binding agreement versus a socioeconomic agreement that really just spells out some of the commitments that the producer would afford the Northwest Territories. I am just wondering if you would look at a covenant rather than a socioeconomic agreement. Would he consider that?

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Allen. Mr. Minister.

**HON. BRENDAN BELL:** I would like to thank the Member for those comments. It is our intent, as we go forward with the socioeconomic agreements to make sure that more and more they are legally binding. Our experience has been through different MOUs, MOAs, MOIs, that we may have had agreements that weren't legally binding. We recognize the merits of having these things be something we can hold industry to. We think certainly it's important. That's why when we sit down to negotiate these socioeconomic agreements, we do so in lockstep with our justice officials, and I know the Member is very familiar with his work formerly as the Justice Minister. I am sure this comprised a lot of his time, providing advice to this department on whether or not we did have watertight, legal-type agreements and documents in place. I guess I would say the first few that we've been doing may be not as legally binding as we would like, but I would like to tell the Member and assure committee that we have been learning as we go and we see the merits. We are actively trying not work to improve these because it's important that if we are going to make sure the benefits accrue to northerners, that we have something we can fall back on that holds water. It's certainly my intent to make sure that these documents do just that. I take the Member's point that we need to move beyond this mindset of setting up these sorts of quasi agreements that are really just notices of intent on behalf of industry to do certain things and actually get commitments, get targets and get things we can measure and get things we can hold both industry and ourselves to. It's important to have these very well documented so people in the NWT know where we stand and know where industry stands. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Mr. Chairman. Under grants and contributions, on page 11-12, it makes reference to the Mackenzie Valley development contributions and some of the initiatives under the non-renewable resource development strategy. If the Minister can perhaps provide a bit of detail to the Mackenzie Valley development contributions.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Menicoche. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. I can give the Member and committee a breakdown on that \$975,000. Mackenzie Valley development socioeconomic agreements, the development of these, we have \$150,000; a long-term wealth creation initiatives, \$255,000; oil and gas training programs, \$200,000; entrepreneurial training, \$80,000; new initiatives, \$40,000; and, Aboriginal Pipeline Group, \$250,000. That makes up the \$975,000. I think we talked about the \$250,000 prior but probably didn't have detail on the rest of that information the last time we spoke of it.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Just the breakdown under the other expenses, please.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister, a breakdown on other expenses.

**HON. BRENDAN BELL:** I just want to be clear, other expenses under corporate management?

**CHAIRMAN (Mr. Ramsay):** Yes, I believe that is Ms. Lee's question.

**HON. BRENDAN BELL:** We can certainly do that. I am not sure if the Member would like me to get some paper and distribute it or read it.

**CHAIRMAN (Mr. Ramsay):** Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I would like it read into the record, please.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. If you could, the other expenses for \$4.574 million, read those into the record.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Travel and transportation, \$426,000; materials and supplies, \$492,000; purchased services, \$1.055 million; utilities, building related, \$591,000; contract services, \$1.196 million; fees and payments, \$91,000; other expenses, \$679,000; and, computer hardware and software, \$44,000. That comes to a total of \$4.574 million. That comprises corporate management and the line item the Member was referring to, \$4.574 on page 11-9.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I think this department and this division is the start of some of the larger other expenses areas that we are going to see. In fact, when I saw the total budget for this department and the other expenses, and this department is bigger in compensation and benefits. The total other expenses is \$36.6 million as opposed to compensation and benefits which is almost \$34 million. I have a couple of questions on what the Minister gave us. Under purchased services, this division has a budget of \$1 million. That would mean as many as 10 PYs in government jobs. Contract services, once again, is \$1.196 million. That would amount to another 12 jobs. I don't know what goes into purchased services. I would be interested in more information on that. At the same time, I would like to know if there is a further breakdown of \$679,000 for other expenses. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** At this point, Mr. Chairman, this is getting into quite a bit of detail. If it's the Member's wish, I could have Mr. Kennedy get into a reconciliation of this detail for the committee.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. I believe that would be fine. Ms. Lee, is that okay with you?

**MS. LEE:** That's fine. Mr. Chairman, I am mostly for now interested in a further breakdown of the other expenses of \$679,000.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Kennedy.

**MR. KENNEDY:** Thank you, Mr. Chairman. In RWED and throughout all the detail here, the only things that we have

under other expenses are chargebacks. Either the TSC or communications. Those are the only things that are budgeted for in other expenses. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Kennedy. Ms. Lee.

**MS. LEE:** I would like to ask a question on travel for \$426,000. That is quite a sum of money. That would be pretty big as a contract. What is the practice of the department in deciding where the travel bookings would be made? Is there a uniform place where they go to? Does the department enter into a contract for this? I am assuming this comes out of one division and there will be one or two people in charge of spending that \$426,000. I would like to know more about that. We are looking at \$490,000 for materials and services just for one division. I think the same questions can apply there. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. We don't, in fact, use one agency to book the travel. I believe that's the Member's question. Various divisions do it themselves and we encourage that they go to a wide range of travel agencies and travel services to make sure the business is spread out. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** I have a question under utilities for \$591,000. What is this bill for?

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. We have certain building leases that the department is involved in and these utility figures are for these building leases. An example would be the facility in Fort Smith for the forest fire centre. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Bell. Corporate management, operations expenses.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Total operations expense, \$15.925 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Page 11-11, corporate management, grants and contributions, contributions, total contributions, \$1.995 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Before we leave this section, may I just ask a question on what it is this section does? Am I correct in understanding that this section provides essentially services to the department but it does not deliver programs to the public? Am I correct in assuming that, please?

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Mr. Bell.

**HON. BRENDAN BELL:** It does incorporate industrial initiatives that are strategic in nature, so in that regard it is involved in programming. In the strictest sense, I guess, it's not a program delivery agent, if that's the Member's question.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Can I ask how many employees are in this division?

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Mr. Bell.

**HON. BRENDAN BELL:** Absolutely, Mr. Chairman. I will get that information. Just bear with me one moment here, we are just going to look that up. We have that information by division, but not by activity. What I could do is organize this information across not only this activity, but all the other activities and provide that to the Member. We have just chosen to sort it by division and that's clearly not what she's asking for. We can get that information. It will just take us a few minutes.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I just want to make sure that I have the proper context, so that I don't draw the wrong conclusions. These numbers might not be difficult to accept if it's proven that it's not just to serve the department in house. The Minister mentioned that the utility costs for \$591,000 includes buildings in Smith. That makes me think that we're not just talking about headquarters where corporate management is sort of the internal, central organization that provides support services to departments. Could I ask the Minister whether these travel budgets and materials and services and purchased services and contract services and all that, is this section in charge of getting these for the rest of the department and the regional offices, or is it just limited to the deputy ministers, the ADMs and their support staff?

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. For the benefit of the committee, we are referring back to page 11-9. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. It includes not only headquarters and the headquarters offices, but it includes the North Slave, Dogrib, South Slave, Inuvik, Sahtu and Deh Cho regions as well.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** Thank you. I will put this on hold until the Minister provides me with the additional information. I'll leave it at that for now. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Corporate management on page 11-9, operations expense, total operations expense, \$15.925 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. I know committee has just approved page 11-9. I can ask my question on page 11-10 if you'd like to introduce it.

**CHAIRMAN (Mr. Pokiak):** Okay. I'll have to read it again. We'll proceed on to page 11-10. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. I've got some questions, I guess, surrounding the Mackenzie Valley development division inside the department. I know this topic came up during discussion during the draft main estimates a couple weeks back with the Minister and his staff. There's an assistant deputy minister position inside the Department of RWED that does not show up on the organizational chart. I know, Mr. Chairman, that the Minister had mentioned that they would fix that. I see in the main estimates here that that position still does not show up on the organizational chart for the Department of RWED. I don't know if it's hidden on purpose or what the story is on why it doesn't appear on the organizational chart. I'll ask again through you, Mr. Chairman, to the Minister, when is that ADM position going to show up on his organizational chart inside his department?

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. The position does appear on the approved organizational charts for the department, but it doesn't make it into the main estimates for this year and I certainly apologize for that. We will make sure that the next time we come before you it is fully reflected in the mains.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman, and thanks, Mr. Minister, for making that commitment to us again. I just was wondering if I could get a breakdown on the main estimates for the Mackenzie Valley development division inside your department at \$1.191 million. If I could get a breakdown on what those expenses entail. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** Absolutely, if the Member will just bear with me here one moment. Thank you, Mr. Chairman. Compensation and benefits for that division, \$287,000; ongoing grants and contributions, \$825,000; and, other expenses, \$79,000. I'll give the Member the breakdown on other expenses: travel and transportation, \$29,000; materials and supplies, \$10,000; purchased services, \$15,000; and, contract services, \$25,000; totalling \$79,000. All for a total of \$1.191 million.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. Again, when we talk compensation and benefits, how many employees are inside this Mackenzie Valley development division? Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. The employers are the position already referred to, the ADM Mackenzie Valley planning products, there's an executive secretary and there's also a senior advisor Mackenzie Valley development.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. I know there have been other Members making light of the fact that we're going to go down the road of the joint committee on the pipeline issues. I see other departments working and it seems like there's not really a coordinated approach to the development of this pipeline. I don't believe it's any fault of the current Minister or the deputy minister, but I don't think enough attention has been paid to that. We're fragmented. We have health doing some, we have MACA doing some, we're trying to get communities ready but really we have no plan. I think this joint committee that we're talking about hopefully will lend itself to us getting communities ready for the impending impact of the pipeline.

I'm glad to hear that the Minister is supportive of that and the Premier as well. Hopefully we can pull it all together. I don't know if we have to call it a Mackenzie Valley secretariat or something to that effect and try to pull the resources that are currently out in other departments, pull it under one roof, give people the one-window-type opportunity to deal with the government on the impending pipeline. Those are more comments for the Minister, but thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** I'd like to thank the Member for his comments. They're very much in line with my own thoughts. I think as a government we need to approach this in a coordinated manner. I'm not sure exactly what that mechanism will look like internally and that's the discussion that I'm looking forward to having with committee Members. I think a good start is the advisory joint committee set up with regular Members and Cabinet Ministers, but clearly we have to pay a lot of attention to this. It is one of our highest priorities and we do need a coordinated and concerted effort on behalf of this government. I think there is good work going on in pockets and various different areas. It is now our challenge to bring that together. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Ramsay.

**MR. RAMSAY:** I'm okay. Thank you.

**CHAIRMAN (Mr. Pokiak):** Next we have Mr. Braden.

**MR. BRADEN:** Thank you, Mr. Chairman. I, too, must admit to some confusion on just where these pockets of work are and as it relates to the pipeline in the Mackenzie Valley. If anything, we're consistent here in that we have a number of different things that are sort of similarly named, but really give us very little indication of what exactly they're aimed at. I'm a strong advocate, as other Members have said, Mr. Chairman, in sorting this out. If we have to dissolve some existing structures here in order to streamline and improve on a better delivery mechanism, then I would certainly encourage the department to take that kind of initiative.

Mr. Chairman, I wanted to see if I could sort out a little bit of confusion here. In the Minister's opening remarks, page 7, he refers to \$250,000 a year going to the APG over the next six years. Funding to aboriginal organizations, not

very well defined here, but \$360,000. Then another private sector partnership fund -- again, it's not all that well defined who it's going to -- for \$500,000. It adds up to \$1.1 million or so. Where in this budget document or in these two or three pages that we're looking at is that covered? It seems to be referred to under the corporate management grants and contributions, but I'd like some clarification.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Braden. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. It's page 11-12, contributions under corporate management. There's the maximizing northern employment initiative, but Mackenzie Valley development contributions, \$975,000, the Member has referred to some of the detail. The Aboriginal Pipeline Group, \$250,000 a year goes to fund the work plan that they've submitted. There are a number of sub-initiatives under this. Mainly they're doing some things in order to meet with financial institutions to try to secure funding. Obviously they only have the first stage in funding here. There's still much more to be secured and a lot of negotiation under that. The \$250,000 is going to be used for that initiative and others.

The \$300,000; a lot of consultation going on, community consultation, and there's a need to help communities engage in this consultation. There are a lot of requirements on communities and resources are stretched very thin. We're doing what we can to help community organizations meet this task head on. We think it's important to support them in this regard. DIAND also provides some support and plays a major role in this, but we felt that we needed to take the initiative as well. Again, this was in the interest of being out in front of this file and making sure development didn't pass communities by. That was our feeling on this.

The private sector partnership fund works with private industry to help them engage in training and capacity building. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Braden.

**MR. BRADEN:** Okay, this is maybe a bit of a double-edged sword here, Mr. Chairman, but I'll give it a try. I know that the government has been accused, and more or so rightly, for many years at the community level for creating pots of support and resources they can tap into, but then binding them up so completely in terms and conditions and they have to deliver reports and audits and all sorts of other things that sometimes the support is more trouble than it's worth. Still, we are putting taxpayers' money out there and a considerable amount of it. What kind of reporting back and deliverables, progress, performance can or has the department got on these programs? Have we some indication of the benefit and the value that is coming out of this? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Braden. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. I think the Member has hit on something here that obviously we've had discussion about in the past. It's the need to find this very fine balance. We're not looking to make the administration or the reporting requirements so overly onerous that we restrict the ability of our partners to do good, meaningful work. That said, we obviously have to operate within the

confines of the Financial Administration Act and there are, as it relates to contributions, a number of things that have to be met, both for one-time contributions and ongoing. We have to ensure that when it's public money being spent that those criteria are being met. There's also a need to continue to measure not only our contributions, but the programs and services that we deliver to residents of the Northwest Territories continually to make sure that the reasons for delivering these programs or making these contributions are still valid, continue to be valid and we need to measure the progress and the success that we're having or aren't having and re-evaluate when that's necessary, as well. I know the Member has made this point over the years that in terms of performance measurement and other types of measurement, it's important that we have some baseline data, that we set measurable goals and objectives for this money and that we do the follow-up measurement and then assess whether or not we're meeting our objectives. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Braden.

**MR. BRADEN:** So then, Mr. Chairman, in relation to these three areas that the Minister outlined in his opening remarks -- to the APG, to aboriginal organizations and to the private sector partnership fund -- do we have a series of realistic measurements that can be reported back to the Assembly? Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Braden. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. They are different programs and need to be measured, I think, each on their own basis and their own merits. For instance, the work of the Aboriginal Pipeline Group that we're paying for is largely administrative and, really, we think the return on the reward will be as the overall project comes to fruition. We can provide an accounting back to the Assembly of how the \$250,000 is being spent on that program and on the other areas that we make contributions, as well. I think in terms of the APG, largely it's administrative help and support that we're providing with that \$250,000.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Braden.

**MR. BRADEN:** Okay, I'm not going to ride the puck on this anymore other than to try and make a point again. It's easy to provide accounting. You say you spent this much on supplies and this much on travel. That doesn't tell me very much at all. I need to know that when we buy into an initiative or program that we have an objective, that it's realistic, that it's attainable and that there's a way of telling me whether or not we're getting there. Those are the kinds of things I need to see, that I'd really like to see across the board. I just reinforce that as we go about creating this much-needed coordinating approach to things in the Mackenzie Valley that we can indeed do this. The communities in the valley seem to be sending that message loud and clear. Certainly we heard it very clearly and very plainly from the mayor of Norman Wells a few days ago. This government I think has its marching orders in that area. That's all. Thank you very much, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Braden. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. I think the Member makes a very valid point and certainly we have much more internal data. The Member knows, for instance, just to use an example, in the maximizing northern employment program we generate a lot of internal data to measure, for instance, how our money is being spent and the number of trainees that go through a program. I can go region by region, pick the private sector partnership fund, I can pick the partner, the region, find out what communities, find out the project total in terms of expenditure. If I go through one line here and look at one enterprise that was partnered with us in class 1 driver training I can tell you that there were 15 trainees that applied for training and that there were 15 actual trainees and the project was completed and I can tell you the dollar expenditures on that project. I am more than willing to share that kind of information with committee. I think we tend to get bogged down in information, but I assure the Member that we do track this and it's important to make sure that where public funds are being expended, they're being expended for the purposes that had been intended and that we actually track and ensure that there is completion of these projects and where we set out to train people, that's actually taking place. I certainly take the Member's point.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Braden, your time is up. I'm going now to Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Mr. Chairman. It seems like we're in a dominoes effect. We're just waiting for the word to go. Once the word goes and the domino effect takes place and we're getting ready for the Mackenzie gas pipeline. We're trying to get all our ducks lined up in order. The important part is getting the communities involved in the process. With the Mackenzie Valley development project, I am really glad that the Minister and the government is looking at a joint initiative with us and hopefully with the communities and having everybody buy into the process, into how you can get all the communities down the Mackenzie Valley and in the Northwest Territories involved in this process. I don't mind the government going out and attending some of the conferences, seminars and workshops with regard to the Mackenzie gas project, but I would like to see it being brought to my attention by the Sahtu people and see them invited along to the conferences to speak. Who has the authority in terms of speaking on behalf of people in the Sahtu? There are land claims obligations that are needing to be fulfilled and land claims obligations that need to be respected and it's something the people fought strongly for, that they have say in the development of their lands and resources and the economic benefits that go along with that development. So my question is what type of initiatives is he going to involve in terms of having some of the people in the regions and communities, organizations, in having working relationships with the Government of the Northwest Territories and the communities in the Sahtu to show industry that we are together on this? The GNWT has questioned the communities. They are speaking the same language in terms of the Mackenzie gas project.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Yakeleya. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. I take the Member's point. It is certainly important for us to be together with the regions and the communities and ensure that we are working hand in hand and we are in

lockstep with what our partners across the Northwest Territories to meet this challenge head on. We do have, through the Mackenzie Valley planning division, internally some, albeit limited, resources. We are scrambling, I will have to admit, to keep up. This is a huge development we are talking about. There are huge pressures on our organization. We really are asking a lot of our regional petroleum advisors. That's no secret. These people are having to undertake a lot of work and, of course, there is work going on in communities. I know MACA is doing work with communities to build capacity specifically on this oil and gas file. So there are a number of different initiatives that we have underway and we continue to believe that it has to be done in a consolidated manner. That's why I am very optimistic that a good approach is this joint committee.

The Member referred to travel budgets and engaging local communities in some of this capacity building. We have to be, and we do some of this work in the regions, but it is limited. I acknowledge that. Much of that is because the resources at this point are still under control of the federal government. The federal government still has various pockets of money that they bring to bear for capacity building. We don't believe it's enough. We believe they haven't been holding up their end of the bargain in this regard in terms of substantial funding for community organizations. The Member does know we are particularly strapped, especially with a 25 percent reduction in discretionary travel, to undertake many of these activities and have been actively going through the department and asking for the reduction in a number of staff travelling to events. I think we need to work to continue to lobby the federal government to buck up in this regard. I take the Member's advice and I would like to work with the Member, and this committee can do that to talk about who would be best suited for some of this training. I think the individual Members, committee Members, can probably identify some places where we can make strategic investment to make sure we get the best bang for our buck, but where we engage our community partners to make sure that we do what we can within our restricted budgets, but we do what we can to meet this challenge. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Bell. Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Mr. Chairman. I always...(inaudible)...until I see some progress in terms of how we can get the federal government to own up to their responsibility. A lot of it they push off to the territorial government. It's frustrating and sometimes it's disheartening because of not falling into the level of intent of their discussion or negotiations with us. At the end, the communities suffer because of a lack of funding, a lack of resources. I guess what you say is true, we look at getting the best value for our dollar that we are going to spend in our region. I guess any strategy that we have to work with the federal government in terms of getting the resources for natural dollars over to our communities, I will fully support you in that. That's all I have to say.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Yakeleya. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. We will certainly continue to do that and I would like to enlist the Member's help and support in that regard. I know as a government, we have been frustrated over the years

trying to get the federal government to live up to their commitment. There's been a lot of discussion in the media over the last few months. The Auditor General made some point of referring to implementation of land claims and the federal responsibility to live up to its commitments. We think this is very important. I would acknowledge that as frustrating as it has been for us as a government, we are at least able to at times get the attention of the federal government. We have access to our Member of Parliament. The people in the communities and on the ground don't, it is more difficult. So at times they would feel they don't get the voice and aren't heard very well, but that's where we, as Members of this Assembly, have to be in tune with the needs and the challenge of our constituents and make sure that their concerns are reflected in this House. I think we can do a lot to give a voice to their concerns. I look forward to working with the Member in this regard to make sure the federal government pays attention.

It's important to recognize, and we can't underline this fact enough, that when we talk about the gas pipeline and we talk about potential benefits, most of the government revenues, in fact our current arrangement, would go to Ottawa. We are talking about projections of course, but our projections are the \$21.74 billion. More than 90 percent of these government revenues from oil and gas development projects will go to the federal government under our current regime. Ninety percent of that money will simply flow to Ottawa. We've obviously have to do something about that.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Villeneuve.

**MR. VILLENEUVE:** Thank you, Mr. Chairman. Maybe just to get back to the business at hand, program delivery in RWED. I have one quick question to the Minister. Now that he pointed out that some of the programs they are delivering to have some measurable results and that there are probably some acceptable results in developing our northern workforce. I just wanted to ask the Minister, on the maximizing northern employment program, if that program has had a budget reduction of almost 50 percent from the last 2002-03 actuals. If that reflection has anything to do with achieving any acceptable results we have in our northern workforce.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Villeneuve. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. The year we are currently in it is \$500,000, and next year will be \$500,000 as well. So there isn't a diminishment of this program in this department for this year, 2004-05.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Villeneuve.

**MR. VILLENEUVE:** Thank you, Mr. Chairman. Maybe the Minister could tell me about the reduction from 2002-03 to 2003-04 of \$451,000.

**CHAIRMAN (Mr. Pokiak):** Thank you. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Originally when the program was set up and we had a budget for this, we had \$1 million and that was in 2002-03. Of that money, \$500,000 sunsetted after the first year. It was initially envisioned that it would be a one-year

program. We thought the program was very valuable and kept it on and kept the strongest pieces of the program in place to make sure that we continued to put resources behind these very worthwhile training initiatives.

I will get back to Mr. Villeneuve's question quickly, but I did want to provide Ms. Lee with the information she requested as it relates to corporate services employees. There are 95 employees in the department under corporate services. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. If there are no further general comments, would you like to proceed in detail? Corporate management, page 11-11, grants and contributions, \$1.995 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Let's go on to page 11-15, environmental protection. Maybe before I proceed to the next section, we'll take a 10-minute break.

---SHORT RECESS

**CHAIRMAN (Mr. Pokiak):** I will call the committee back to order. We are on page 11-15, environmental protection services, operations expense, total operations expense, \$2.931 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. I have some questioning in terms of the energy management that shows up on page 11-16. As well, if I could go a little further ahead to the grant that shows up to the Arctic Energy Alliance, \$260,000 and also the energy conservation grants of \$300,000. Mr. Chairman, I have a copy of the Arctic Energy Alliance financial statements for last year and I am trying to make heads or tails of the cash infusion the government offers the Arctic Energy Alliance. I can't really see where that money goes into the organization or how it's spent from these statements. I wonder if the Minister is aware of how the funding in the amount of \$560,000 is spent inside the organization, the Arctic Energy Alliance. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. Our contribution is \$260,000 and the energy conservation management program is a departmental program. That is an additional \$300,000. So it's \$260,000 from RWED to the Arctic Energy Alliance.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. Does the Minister see a definite duplication in terms of a delivery of a service under the energy conservation grant of \$300,000 and the Arctic Energy Alliance?

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. The \$300,000 is distributed amongst government agencies, communities and aboriginal organizations to help them



promote conservation. So it is different than the \$260,000 that is contributed to the Arctic Energy Alliance.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. To me, Mr. Chairman, and I am not sure to the Minister, but they seem to accomplish the same thing. I know the department spends three-quarters of a million in an area called energy management, Mr. Chairman. Mr. Delorey spoke of it earlier. I don't really see the difference in terms of what both things have to offer. I know there is a briefing note that is prepared here. If you compare the energy management at RWED and energy management with Arctic Energy Alliance, it's quite a fine line. They both seem to try to do the same thing, Mr. Chairman, and I know there are a few regular Members on this side of the House that definitely have some questions on that.

The Arctic Energy Alliance financial statements show membership dues coming in. They've got two different line items from the Government of the Northwest Territories, one for \$150,000 and another one from NWT Crown corporations of \$67,500 and some other membership dues. I am having trouble seeing where the \$260,000 actually goes into the Arctic Energy Alliance. Maybe the Minister or his staff could help me find out where and what that \$260,000 accomplishes.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** I think you have to look at the overall mandate of the Arctic Energy Alliance and recognize that we are one of the funding partners. I can talk about a little bit about some of the programs that are delivered. The energy management program under the Arctic Energy Alliance and in their contribution agreement, obviously they report on major activities. For instance, the energy management program works with the general public, they respond to telephone queries and drop-in inquiries and they have also been with clients, residential, institution and commercial clients. I will give you a few examples; the Wha Ti sustainable community project; Aurora College; Ramparts Hotel in Fort Good Hope; helped Lutselk'e with a community energy plan, created the Ener-Guide for houses; worked with the Yellowknife school board to assist them in developing a funding proposal. There are a number of other agencies they have assisted. In addition, they have a communications program and they target the two separate segments. First the general public, they put out a newsletter, Energy Speak. I think Members have seen it. They also put out a home and small building maintenance checklist. They host the Energy Action Awards. They have an Arctic Energy Alliance Web site. There are some other initiatives under stakeholder, residential, institutional and commercial. For instance, energy efficiency workshops they carry out and in the past they've done that in conjunction with the Energy Secretariat, also solar wall poster and advertising.

So there are a number of initiatives they have carried out. I can ramble off a number of those programs in substantial detail. I think it probably makes more sense to sit down with committee and talk about the mandate of the Arctic Energy Alliance and make sure we have a clear understanding of what it is, and look at the other agencies of our government that provide like services or compatible service and talk about whether there is a duplication of

mandate. This is something I am prepared to come forward to committee to discuss. We need to get a handle on that and decide what agency is best able to deliver these programs. I acknowledge we don't have enough money to duplicate our efforts. If there is duplication, we have to look at a consolidation of those efforts. Without some more information, just an off-the-cuff approach here in committee would do this justice. I propose I come forward to committee and we have a more substantial discussion about the mandate.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Minister. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. The Minister just gave us an outline of what the Arctic Energy Alliance does and maybe he could give us an indication of what the energy management folks do in his department, for the record.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. It manages the energy conservation program and provides financial assistance to government agencies and non-profit organizations through the consumption of energy and utilities. So this funding is available to territorial and community-funded agencies and boards, non-profits, and assists in undertaking projects that reduce consumption of energy and utilities. Historically this has been used for upgrading of lighting, heating, ventilation, water and electrical systems. In addition, this program was used in our current funding year, 2003-04, to lever an additional \$160,000 in federal aboriginal and northern communities action plan funding. We have a number of initiatives that we are targeting with the \$300,000 in 2004-05. The other point I would make that differentiates it somewhat is this program will also take the lead role in coordinating our territorial approach and our actions to controlling the emission of greenhouse gases.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. I do thank the Minister for his answers to those questions and I know he's given us a commitment that we can sit down with him and hopefully iron out some of these areas that we see duplication in because this is definitely one of them, Mr. Chairman. Sorry for the pun, but we turn the lights out on this Energy Secretariat, by which, by all accounts, was a waste of money and I would hate to see the government wasting additional dollars on a duplication of a service that I believe is being delivered by the department and perhaps by the Power Corporation as well. We certainly have to get a handle on this and I am glad to see the Minister recognizes this as an area of great concern for our committee and perhaps for the rest of the regular Members on this side of the House. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** I will take the Member's point and I will ensure that I sit down with the Minister responsible for the Power Corporation, the Premier. He's obviously aware of this discussion and I think there's a need to come forward to committee and discuss these mandates. If and when they overlap, we need to address

that. Even with our limited resources, we have put priority on making sure we not only effectively deliver programs, but also efficiently and make the best use of our money and I am committed to do that. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I have a very short question, if I may get permission to return to page 11-15.

**CHAIRMAN (Mr. Pokiak):** Can we turn back to page 11-15?

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Can you state your question, please?

**MS. LEE:** Mr. Chairman, my question has to do with other expenses on page 11-15. There is an increase of \$1 million from the mains and revised from last year to this year. Can I get an explanation on the increase and the breakdown? Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. That additional \$1 million is one-time start-up funding for the Waste Recovery and Reduction Act. The start-up costs are just over \$1 million and that makes the difference the Member has pointed to when you compare mains to mains. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Why would we put a start-up cost for program money into other expenses? Wouldn't it be more appropriate to have it under program delivery? Is that a normal way to do that?

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Mr. Bell.

**HON. BRENDAN BELL:** It is also known in program delivery, but on this main summary sheet, this is where it reconciles.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** Could I have a breakdown of the \$260,000, please?

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Mr. Bell.

**HON. BRENDAN BELL:** Sorry. I am not following where the \$260,000 is. If the Member could clarify that for me, we will give her that breakdown.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I was subtracting the \$1 million out of \$1.2 million as the start-up costs for the waste recovery program.

**CHAIRMAN (Mr. Pokiak):** Thank you. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. I will give the Member the detail on the entire \$1.26 million because it's slightly over \$1 million for the waste reduction recovery. It's \$1.078 million. If you bear with me, I will give you that detail.

Thank you, Mr. Chairman. That consists of travel and transportation, \$79,000; materials and supplies, \$639,000; purchased services, \$30,000; utilities, \$10,000; contract services, \$120,000; fees and payments, \$133,000; other expenses, \$37,000; and, tangible assets, \$12,000. That adds up to \$1.26 million. Thank you, Mr. Chairman.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Is there something special under material and supplies that would account for \$639,000?

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Mr. Bell.

**HON. BRENDAN BELL:** I believe the bulk of that will be under the waste recovery reduction initiative, the one-time of bailers, forklifts, warehouses, things that are one-time costs we are incurring to get this program up and running.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** Thank you. I wasn't going to be this long, but one answer leads to another question. Mr. Chairman, I was under the understanding that with this program, we would be using local or community groups to engage in collection of waste and recycling. Is it the government's intention to buy these things and to deliver the programs yourself?

**CHAIRMAN (Mr. Pokiak):** Thank you. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. It is our intention to work with community groups, but there are one-time start-up costs that we have to incur and we have to make an investment in this. That's what we have been talking about. Under some of the equipment that's going into the community depots, there will be pallet jacks, bags, bins, cash registers, phones, fax machines. There is a requirement for some cold storage. At the regional processing centres, there's money being spent on vertical bailers, glass crushers, forklifts, fibre bags, plastic bins, et cetera. The Member is right, we are partnering with local organizations. The total start-up cost of the program is \$1.143 million.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** Thank you. My final comment is I would really suggest that maybe the committee and the Minister revisit this. I really don't think it was ever envisioned that the government would actually deliver these programs, but that the contractor will go out to local community groups. I think this needs to be looked at because if you take \$639,000 out of \$1.07 million start-up costs, there really isn't going to be a lot of money for local recycling groups like one in Inuvik or Yellowknife to do the work that they are better at. I think there are local groups available who can do the job better and I just would not want to see a department and government getting into a whole new industry such as this. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Mr. Bell.

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. These community groups are going to be delivering the programming. This is our upfront capital investment to get this program off the ground. So I agree community groups are probably be suited to do this in a very efficient and cost-effective manner, but there really was getting this funding, in my opinion, off the ground without this capital

investment. This plan or approach was discussed as we went through the legislative initiative in the last government to lay this out.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Braden.

**MR. BRADEN:** Thank you, Mr. Chairman. To the discussion the committee has been having about the Arctic Energy Alliance, I find that I would like to come in with a couple of alternative views on this organization. It has been pointed out that there is concern about duplication or overlap with what's going on in other areas. This is always something we should be watching out for and I don't think this organization escapes that. There may be some things within departments that a given department is reluctant to give up or maybe mandated to take on. I think there is some allowance that should be given here.

This is an interesting organization. Its history goes back, I think, five or six years. It was an attempt to actually bring together quite a diverse field of energy mandates or projects that were scattered around the GNWT. To some extent I think it's been successful in that avenue. Still, it faces criticism that it's really not all that effective.

I believe it deserves the support of this Assembly. We need to continue along with the idea at least, Mr. Chairman, that if we don't try to collaborate on these kinds of things what we're going to see is there will be a whole bunch of disseminated, disconnected, smaller efforts at energy awareness and energy conservation split up between departments and we will lose the impact of some combined service and collaboration.

The Energy Alliance, if I remember its mandate, was created to do more than just electrical energy. I know whenever we talk about energy in this country there's an automatic tendency to think just about electrical energy because the stuff costs so darn much. The mandate of the Energy Alliance is, I believe, to go beyond that. It is to look at how can we collectively, among government and private sector and industry, reduce our consumption of fossil fuels. How can we do a better job of managing water and waste water resources and issues, Mr. Chairman? I remember, if you look at one of the reports of the Housing Corporation you'll find that the cost of managing water and sewer far exceeded the cost of heating and electrical energy supplies. These are enormous energy pigs and if we don't do something cooperatively to tackle this then we're just going to continue to waste these resources. The Arctic Energy Alliance is, I think, a good effort at trying to do that. It deserves support. Certainly, perhaps it should be making a better effort to communicate its results and perhaps this Assembly could be making an effort to pay more attention to it.

For the record, Mr. Chairman, I just wanted to put my oar in the water for the Arctic Energy Alliance. Thank you.

---Applause

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Braden. Mr. Bell.

**HON. BRENDAN BELL:** I thank the Member for those comments. I think the Member is right; it's primarily a conservation organization that does advise not only outside stakeholders, but certainly our government. I know

they have been enlisted in the past to help organizations like the Housing Corporation reduce their reliance on energy and other things. Certainly, I think we've had a good kick-off to a discussion that we're going to have at committee here about the mandate of these various organizations. There certainly is a need to have these things clear and you're right, no organization should be without or beyond scrutiny. I think we have to look at the mandate of all our delivery mechanisms, and this certainly is a good place to start because we've had a lot of discussion about this in the past. I look forward to that very fruitful exercise. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Braden. Thank you. Before I go on to Mr. Ramsay, I'll go to Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Mr. Chairman. On page 11-14 on the environmental protection services. Just a small comment here to the small communities where we're looking at initiatives where we can do as much as we can for the protection of our environment and keep it in its natural state as much as possible. The contribution of Pampers and plastic bags are wildly spread across our dump areas. In springtime you'll see the plastic bags all over the... Oh, good, is the Premier here? I guess I wanted to ask the Minister, in the small communities there are some really good initiatives that could happen to support local agencies and local groups to think about the environment. Really serious about it is to start being more responsible in terms of allowing these small groups, such as youth groups, women's groups or any kind of fundraising groups. People are concerned about the damages that plastic bags and Pampers and other stuff can do to our land. They're all over the land and I think that's something that we could teach our children or younger generation about taking care of the land.

The biggest contributors are Northern Stores and Co-op. In a small community it's a big impact. It may seem small in larger centres like Yellowknife, but in small communities the whole community buys into that project. It starts to change your attitude in how you think about the environment. In springtime it doesn't look very good when you go to the local waste sites and you see plastic bags all over the land. We say, boy, it's a sad state, but someone should do something about it.

I guess I'm looking toward this government here and particularly the Minister in terms of his views on the protection of the environment and the land that some of these small initiatives could be looked at in the communities in terms of supporting them also.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Yakeleya. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. I think the Member is espousing the philosophy that really was behind the genesis of this Waste Recovery and Reduction Act. We had a lot of good discussion about this in the past government. Clearly, there's a need for RWED to work very closely with MACA as we implement this legislation.

The beverage container recycling initiative program is the first program of many, we hope. We're now in the process of creating an advisory group that will help us develop this program and develop the regulations for this program first and then others, hopefully. We want to make sure that we have a program that has every chance of being successful

and makes the most sense, which is why we've gone out to community members to help advise us on this.

I think many of the points that you've raised are good ones and I'm sure that discussion will go on at the advisory group and they can provide us the advice, after speaking with community stakeholders and community members, about what is most likely to make these programs successful. I look forward to not only this beverage container recycling program, but future conservation initiatives and programs that will come under this Waste Recovery and Reduction Act. Waste management is very important to all of us and no less important to people in small communities. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Mr. Chairman. The last comment I want to make is on the Arctic Energy Alliance. I guess it's the same thing as the waste management is having the Arctic Energy Alliance come into our community and initiating some of the programs in our small communities. I hear a lot of comments from our communities that they know how to save energy. I guess we want to see some impacts in our communities on the Arctic Energy Alliance. It seems like we only get the phone call or the odd visit once a year or so. I like the idea; just come into our communities, come into our region and work with us for a week or so. That's the only comment I have for now. I'm getting tired, Mr. Chair, so that's it.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Yakeleya. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. I think one of the benefits of the Arctic Energy Alliance as a not-for-profit society is it has access to federal funding that this government really doesn't. I know we don't have the 2003-04 final numbers in and don't have that accounting yet and I can't provide that to Members as far as all of the programs that have happened, but over the past few years I know that the Arctic Energy Alliance has been successful in working in Tulita, for instance. There it was involved in assisting the staff at the LHO in completing a proposal for energy conservation.

So there have been a lot of small community initiatives. The federal program that allowed cost-shared funding for energy audits, one of the challenges we had was really in order to meet the criteria of the federal funding, only Yellowknife was able to qualify for this funding in the way that it was rolled out. That wasn't acceptable, obviously, to this government. So we worked to add additional money that would allow this program to be expanded into other communities besides Yellowknife. We did that and used the Arctic Energy Alliance as the vehicle and the mechanism for delivering that program. I think many of the federal programs that are out there don't recognize the challenges and the needs of some of the smaller and more remote communities, and the money obviously doesn't go as far when you have to travel to access some of these communities. So that's something this government has recognized, and the Arctic Energy Alliance has helped us sort of expand some of these federal programs that in fact were asking us to put sort of a square peg into a round hole. We've been able to adjust some of the programs to the benefit, I think, of many of the smaller communities.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Yakeleya.

**MR. YAKELEYA:** Thank you, Mr. Chairman. Maybe the federal government will recognize the small communities once they know where the pipeline is going to pass through, and they will start tagging on some of the initiatives that the federal government seems to not even blink when we mention the small communities in the Northwest Territories right down the valley. Once they know the seriousness we may get their attention in terms of some of these initiatives. We need to develop a comprehensive strategy in terms of dealing with the federal government in terms of some of the initiatives and some of the needs that we see that are just as valid as in Toronto, Edmonton or Vancouver. The federal government needs to somehow get the message that we're unique and we have a Mackenzie Valley pipeline route that's going to go through our communities. I think they need to pay attention. Again I will say it to the government and to the House here, that however you can get their attention, you have my full support. Sometimes you have to hit them right between the eyes to get their attention. That's just a comment on that, Mr. Chair.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Yakeleya. Mr. Bell.

**HON. BRENDAN BELL:** I think the Member makes a very good point. I think one thing is certain, and that is that this pipeline initiative not only has the attention of the federal government, but has the attention of the whole country, and certainly, as well, the United States. So I think it's the perfect vehicle to raise the profile of some of our smaller, more remote communities, and make sure that the country and the federal government understands the challenges and the hurdles.

Just as an aside, when we talk about programs like the one that the Arctic Energy Alliance was able to use for energy audits, the federal funding that was to flow was based around a model that would have independent contractors going around doing these energy audits, and there was so much mileage allowance per audit. They figured if you had to travel between communities they would provide for so much mileage for you to drive, not recognizing, of course, that we have to fly to most of our more remote communities in order to even be able to do these energy audits. So you can see the kinds of things that we're up against. The business model that's used to develop a lot of these federal programs simply doesn't fit our needs, and that's why we have to continue to make the federal government aware of our unique challenges. Clearly it's much easier to get around Prince Edward Island than it is the Northwest Territories, and you can do it much more cheaply. So those unique challenges have to be factored into the funding models or we won't be even at step one. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Before I go on to Mr. Ramsay again, maybe I'll get Mr. Menicoche.

**MR. MENICOCHÉ:** Thank you, Mr. Chairman. I think there may be some efficiencies to be gained that would analyze the function of the Arctic Energy Alliance and the energy management program within RWED. If the Minister can comment on that, because I think it will be important for next year in the business planning stage to say okay, we as a government, that's how I think my role is now, is how do we gain efficiencies and that's one thing

we're going to have to look at seriously. There are two administration costs here by two programs running differently and there may be a cost savings here and we should look at it seriously. I will just get the Minister to comment on that.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Menicoche. Mr. Bell.

**HON. BRENDAN BELL:** I think as a wily old veteran from that side of the House from the past government I sense a bit of a theme here and it's not lost on me. We need to sit down and have a discussion about the mandate here of all of our energy program delivery mechanisms. I think this area is not alone. I think as just a good standard operating procedure, we need to be continually doing this and assessing all of our program delivery. Really we don't have the luxury of duplication anymore. If there is duplication here and we're able to identify it, then the next step is for us to, as a committee, decide on what the most appropriate mechanism for delivering these programs would be and cut down on duplication, not just here but in other areas, as well. But certainly here is a good place to start. We've had discussion about this, and I commit to coming before committee to have this discussion.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Menicoche. Mr. Ramsay.

**MR. RAMSAY:** The Minister is in a unique situation here I guess, because he is going to be going through some major changes inside his department, and he will have, I believe, ample opportunity to take a good, hard look at some of the areas we're going to recommend to him through this process that may in fact be a duplication of effort, a duplication of delivery of service.

I just had to comment, if I could, Mr. Chairman, on some of the comments by my colleague from Great Slave. It's not my intention and I don't believe it's the intention of anybody on this side of the House to downplay the role that the Arctic Energy Alliance plays in the grand scheme of things. I guess what we're trying to get at is do we have the same people inside the department doing the same thing, I think is what we're trying to get at, Mr. Chairman. We're trying to save resources; we're not trying to waste them in the same kind of areas.

The question I have for the Minister is we went through a briefing this morning on a supplementary appropriation, and I know he talked about having set aside I think it was \$1.1 million in upfront capital cost for the rollout of the waste recovery program. In the supp there's \$65,000 in additional dollars. Why does that appear in a supplementary appropriation? Shouldn't it appear in their budget, Mr. Chairman? Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Ramsay. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. There were a number of challenges with the way the funding for this program would flow. When the initial projections and estimates and budgets were drawn up, it was assumed that we would pass the Waste Recovery and Reduction Act earlier in the life of the 14<sup>th</sup> Assembly. It ended up not being able to be passed in the spring. We had to wait until fall to get this through the Assembly, which ended up delaying us because it would take we estimated a year to create the regulations and make sure we had the program

in place. So some of the money that was to be spent in 2003-04 ends up being spent in 2004-05. Specifically I can give some detail of that \$65,000. There was an administrator's salary and benefits, there were some public education materials, there was depot process centre staff training, and the creation of the advisory committee and I'm just underway now with that. So those expenditures are in fact going to happen in 2003-04 here, but this was not the manner that the cash was originally to be rolled out for this program, but obviously the adjustments had to be made. I can reassure the Member that the overall price tag of \$1.143 million over the two years is in fact still the same, it's just a matter of the cash flow timing.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Ramsay.

**MR. RAMSAY:** Thank you, Mr. Chairman. I have some more questions on that, but I think I'll reserve those questions until the appropriate time. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you. Any further general comments? Environmental protection services, operations expense, total operations expense, \$2.931 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Going to 11-17, environmental protection services, grants and contributions, contributions, total contributions, \$500,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** I'm sorry; \$560,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Going down to 11-19, resource management and economic development, operation expense, total operation expense, \$36.558 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Pokiak):** Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I have to keep up with my questions here on other expenses. Can I get a breakdown on other expenses, please?

**CHAIRMAN (Mr. Pokiak):** Thank you, Ms. Lee. Mr. Bell.

**HON. BRENDAN BELL:** Yes, Mr. Chairman, just bear with me a second here and I'll provide that information. The \$9.021 million is comprised of \$1.356 million for travel and transportation; \$966,000, materials and supplies; \$793,000, purchased services; \$118,000 in utilities; \$4.613 million, contract services; \$588,000, fees and payments; \$217,000, other expenses; \$269,000, tangible assets; \$101,000, computer hardware. Again, that's \$9.021 million.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Ms. Lee.

**MS. LEE:** That's it for now. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you. Mr. Allen.

**MR. ALLEN:** Thank you, Mr. Chairman. I want to take this opportunity just to ascertain some points from my riding, and it's in the context of paragraph two on page 11-18 and also it has some bearing on investment economic analysis on page 11-20. I have already spoken briefly with the Minister earlier on economic freedom and prosperity, and taking a look at some of the methods that we should try to include at some point in the future, and not only providing economic analysis and also expert advice, but also to look at ways that we could try to facilitate some economic growth. Just quickly for the interest of myself and others, we seem to be less economic free and less prosperous because Canadian provinces have higher government spending and higher taxes and less flexible labour markets than our southern counterparts. I think that really characterizes some of the difficulties we have in the NWT to promote our economic and business development scenarios. I want to ask the Minister if he's prepared to look at that as a contributing factor, and also how we should help facilitate a different approach to economic and business development and prosperity. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Allen. Mr. Bell.

**HON. BRENDAN BELL:** Thank you. I think we have embarked on what I consider to be a good process, and I'm optimistic that that will be a useful process. I think it's a matter of getting the federal government's attention to some of our unique challenges and needs. Obviously it's very important. We're talking about flexibility, we're talking about tax burden; all of these things can provide an economic stimulus. We've had a lot of discussion lately about the need to have a competitive tax regime that allows people to keep the most money possible in their pockets so that they have more money available for developing their economic opportunities and ideas. Also, as the Member has already indicated to me, we need to make sure that every available banking tool is at our disposal so that people don't have to go outside the Territories for these services, so that they can access them right here at home. I know the problem, and the challenge is further exacerbated in the smallest communities, not so much probably in Yellowknife and the regional centres. That's a challenge that we have to find a way to meet head on. We do have our BCC which is a lender of last resort and takes higher risk, but there certainly is a need to make sure we have a full gambit of banking programs and of lending programs, and whether that will all be consolidated with the auspices of the BDIC or not, or whether there will be sort of pieces of other programming attached to that I think is some good discussion that we're really in the preliminary stage here. But I hear the Member's concerns and I hear the Member cautioning us to make sure that we use all the tools in the toolbox and make sure that we provide maximum flexibility to our residents. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Bell. Mr. Allen.

**MR. ALLEN:** Thank you, Mr. Chairman. One last point for the evening with respect to the activity summary, and of course the attached cost to that. This has been an interesting and intriguing point, and I want to reiterate it in the fact that many of our decisions are based on the Minister of Indian Affairs and Northern Development. I'm trying to assimilate that into the minerals, oil and gas participates in developing...(inaudible)...or transfer of

provincial-type responsibilities from...(inaudible)...with respect to oil and gas and mineral resources. With respect to that comment, I would like to ask the Minister if this is part of this joint committee on oil and gas, that would be one of the mandates established under that joint committee. He may want to respond on behalf of the government. Thank you.

**CHAIRMAN (Mr. Pokiak):** Thank you, Mr. Allen. Mr. Bell.

**HON. BRENDAN BELL:** I think absolutely there has to be some relationship to the devolution file. I don't think you can dissect these issues and not have the clear linkages between them. But what I'm proposing at this point, and we've had some discussion about this at Cabinet, we are hoping to come back to committee with sort of a proposed terms of reference to get the feedback of the committee. I think at that point when we're establishing the mandate of the committee, it will be important to have these kinds of thoughts and ideas come forward from AOC so that we make sure that...The challenge here is to have it as comprehensive and wide reaching as possible, but not to let it get too broad and so vague that we aren't able to achieve some concrete objectives.

So we will have to sit down and I will take the Member's advice on that, but we will have to sit down and talk about what the most effective mandate possible would be within our area of responsibility. Clearly there will be some overlap here and some discussion about the current regime under the federal government control and future regime when we strive to have control and when there are these provincial-type responsibilities that have been transferred to us. Obviously we recognize we also have to target other groups and other federal departments. The Department of Industry Canada is an obvious one. We can't simply look at DIAND. I think the Member has already made this point. We need to look beyond that. We need to look at all the other mechanisms and agencies that play a role. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Allen.

**MR. ALLEN:** Thank you, Mr. Chairman. I just want to raise this again in the context of the motion defeated earlier with regard to the loan guarantees. I am wondering if NWT Business Credit Corporation has the legislative mandate to...(inaudible)...and it goes into making a number of loans and guarantees. Would it not be more appropriate from now on to suggest that the government put the loan guarantee program into the BCC? That is my final question to the Minister this evening. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Allen. Mr. Minister, did you care to comment?

**HON. BRENDAN BELL:** Thank you, Mr. Chairman. With reference to our earlier discussion, the nature of those loan guarantees through FMBS were that they were of a higher magnitude and under our current arrangement, FMBS then has control of guarantees that are more significant. We do, under the BCC though, have a program that looks at loan guarantees for much smaller amounts. I think this is again another discussion that we need to have as we are creating this BDIC. We need to talk about where it makes the most sense to have loan

guarantees. This department will be looking for support from committee in that discussion and some advice on where they think these things should best be housed. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Page 11-19, total operations expense, \$36.558 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-21, resource management and economic development, grants and contributions, grants, total grants, \$652,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Contributions go on for a few pages, 11-22, 11-23 and 11-24 for a total contribution amount, total grants and contributions, \$10.527 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Total grants and contributions, \$11.179 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-26, forest management, operations expense, total operations expense, \$30.161 million. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I have the same question on other expenses.

**CHAIRMAN (Mr. Ramsay):** Mr. Minister.

**HON. BRENDAN BELL:** On page 11-26, the other expenses of \$21.827 million are comprised of \$673,000 for travel and transportation; \$664,000, materials and supplies; \$398,000 for purchased services; \$1.217 million for utilities; \$18.282 million for contract services; \$160,000 for fees and payments; \$94,000 for other expenses; \$155,000, tangible assets; and, \$184,000, computer hardware.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Is that under contract services, the \$18.273 million that this division acquires the service for fire suppression?

**CHAIRMAN (Mr. Ramsay):** Mr. Minister.

**HON. BRENDAN BELL:** Correct, Mr. Chairman.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. Earlier the Minister explained that he agreed that the travel budget for fire suppression probably should not be included as a travel budget as it was put out or it was put together in that document that we received. So under this section, does the \$7 million worth of travel expenses come under contract services here?

**CHAIRMAN (Mr. Ramsay):** Thank you. Mr. Minister.

**HON. BRENDAN BELL:** Yes, it does and the reason we were using 2002-03 numbers for travel is because we had to make sure we were all going from the same number

and it was the year that we had complete data for, so that's why we used it as a base year and we were stuck with the old method of accounting for travel. As I have indicated, in future years it will be broken out so we won't have it lumped together in that regard.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. How much of that \$18.283 million is on the fire suppression? Is that the total amount for one contract?

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** Mr. Chairman, it's a combination of fire suppression, a number of contracts...

---Laughter

Mr. Chairman, for the detailed breakdown, I am going to go to Mr. Kennedy to provide that detail. Thank you.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Mr. Kennedy.

**MR. KENNEDY:** Okay, there are two components to that. Thank you, Mr. Chairman. What we have done, as the Minister had mentioned, because in prior years, because it's all aircraft, we had the funds charged to travel and transportation. We've since changed it. The contract services now are where the aircraft and presuppression and suppression are. So your pre-suppression is at \$12.5 million and your suppression dollars are \$4.8 million. That's the breakdown.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Kennedy. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. That gives me \$17.3 million. Could I have the balance, please?

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Kennedy.

**MR. KENNEDY:** The balance is actually in forest development, which is part of the total activity, but it's not part of the suppression or pre-suppression. So that's the balance of what the \$880,000 is.

**CHAIRMAN (Mr. Ramsay):** Thank you for that clarification, Mr. Kennedy. Any other comments on page 11-26?

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Total operations expense, \$30.161 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-28, forest management, grants and contributions, grants, total grants, \$100,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Contributions, total grants and contributions, \$100,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-29, active positions. Questions from committee?

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-30, information item, lease commitments, infrastructure.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-31, information item, fur marketing service revolving fund.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-32, details of work performed on behalf of others.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-33, details of work performed on behalf of others.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-34, details of work performed on behalf of others.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-35, details of work performed on behalf of others.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-36 and 11-37, details of work performed on behalf of others.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-38, details of work performed on behalf of others, total department, \$3.531 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Page 11-39, revenues, recoveries and transfer payments. Questions? Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I would like to have some information on the investment interest.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** The Business Credit Corporation, which makes loans to clients and charges interest on those loans, is where that's reflected.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** It seems like somewhat of a miracle that they would have budgeted investment interest at \$1.6 million and it came to exactly even. Is that really true?

**CHAIRMAN (Mr. Ramsay):** Mr. Minister.

**HON. BRENDAN BELL:** That's not really true. The actuals haven't been reflected for 2003-04 because the year is not over. So by the end of 2003-04, we will have a

better sense of exactly what that is, the way we do for 2002-03.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** So this is interest gained from the loans that the government gives out. None of this money is in the money market or anything.

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** Sorry; for the line of credit and the money we borrow from the government to run the BCC. This is the interest that we pay to the government for the borrowing of that money which we, in turn, lend out to clients.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** If that is the case, then why is this under revenues? I am assuming all these timber permits and hunting and fishing licences, I am taking that as money the government is getting from issuing the licences. So why would the money we pay to the government be under here?

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister.

**HON. BRENDAN BELL:** My understanding is the BCC is paying this interest to Economic Development and Tourism and to the Department of RWED. It could be being paid to FMBS. I suppose it really doesn't matter. It's being paid to the government.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. Ms. Lee.

**MS. LEE:** Thank you, Mr. Chairman. I know it's getting late and the Minister has been doing really well, but could I just stand this one down and maybe the Minister could provide me with...I won't stand it down because I don't want to hold up the budget, but could I get the Minister to do a one pager on how this money flows and what is the principal amount on which this interest is based and who do we pay it to and where do we get it from?

**CHAIRMAN (Mr. Ramsay):** Thank you, Ms. Lee. Mr. Minister, can we get a commitment from you for that?

**HON. BRENDAN BELL:** We can certainly do that. We will provide that one pager to all committee Members so we have a rationalization of how this money flows.

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Minister. To page 11-39.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Now we will go back to page 11-7, RWED department summary, operations expense, total operations expense, \$85.575 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** We will now go to CAP-24, Resources, Wildlife and Economic Development, then it



goes on to CAP-25, total resource management, resource management and economic development, \$1.883 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** CAP-26, forest management, total forest management, \$320,000.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** That's a total for the department, \$2.203 million.

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** Does committee agree that consideration of the Department of RWED has been concluded?

**SOME HON. MEMBERS:** Agreed.

**CHAIRMAN (Mr. Ramsay):** I would like to take this opportunity to thank the Minister and his witnesses for their attendance with us most of today and this evening. Thank you very much.

---Applause

Thanks, as well, to all the other Members. What is the wish of the committee? Mr. Braden.

**MR. BRADEN:** Thank you, Mr. Chairman. I move we report progress.

---Applause

**CHAIRMAN (Mr. Ramsay):** Thank you, Mr. Braden. The motion is in order and not debatable. All those in favour? All those opposed? The motion is carried.

---Carried

I will rise and report progress. Thank you.

**MR. SPEAKER:** Item 20, report of Committee of the Whole.

#### ITEM 20: REPORT OF COMMITTEE OF THE WHOLE

**MR. RAMSAY:** Mr. Speaker, your committee has been considering Bill 1, Appropriation Act, 2004-2005 and Committee Report 3-15(3) and would like to report progress with one motion being adopted and, Mr. Speaker, I move that the report of Committee of the Whole be concurred with.

**MR. SPEAKER:** Do you have a seconder for that? Mr. Hawkins. The motion is in order. To the motion.

**SOME HON. MEMBERS:** Question.

**MR. SPEAKER:** All those in favour? All those opposed? The motion is carried.

---Carried

Item 21, third reading of bills. Mr. Clerk, orders of the day.

#### ITEM 22: ORDERS OF THE DAY

**CLERK OF THE HOUSE (Mr. Mercer):** Mr. Speaker, there is a meeting of the Accountability and Oversight

committee tomorrow morning at 8:00 a.m. and a meeting of Caucus at 10:30 a.m.

Orders of the day for Tuesday, March 23<sup>rd</sup>:

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
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 Motion for First Reading of Bills
17. Motions
18. First Reading of Bills
  - Bill 4, Supplementary Appropriation Act, No. 3, 2003-2004
19. Second Reading of Bills
20. Consideration in Committee of the Whole of Bills and Other Matters
  - Bill 1, Appropriation Act, 2004-2005
  - Committee Report 1-15(3), Standing Committee on Accountability and Oversight Report on the Review of the Draft 2004-2005 Main Estimates
  - Committee Report 2-15(3), Standing Committee on Social Programs Report on the Review of the Draft 2004-2005 Main Estimates
  - Committee Report 3-15(3), Standing Committee on Governance and Economic Development Report on the Review of the Draft 2004-2005 Main Estimates
21. Report of Committee of the Whole
22. Third Reading of Bills
23. Orders of the Day

**MR. SPEAKER:** Thank you, Mr. Clerk. This House stands adjourned until Tuesday, March 23, 2004, at 1:30 p.m.

---ADJOURNMENT

The House adjourned at 11:20 p.m.