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The Honourable David Krutko, Speaker

Legislative Assembly of the Northwest Territories

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YELLOWKNIFE, NORTHWEST TERRITORIES**Tuesday, March 30, 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): Item 2, Ministers' statements. The Minister of Education, Culture and Employment, Mr. Dent.

ITEM 2: MINISTERS' STATEMENTS**Minister's Statement 22-15(3): Meeting With Chairs Of Education Boards**

HON. CHARLES DENT: Thank you, Mr. Speaker. Good afternoon. On February 24th and 25th, I met with the Chairs of the NWT education bodies, including the Chairs of the divisional education councils, the Commission Scolaire Francophone de Division, the two Yellowknife district education authorities and Aurora College.

I discussed with the Chairs the comments and suggestions made by Members of this Assembly regarding schooling. I noted that Members expressed how important schooling is to the futures of our students and our Territory.

The Chairs and I discussed a number of issues including the importance of student success and the need to focus on improving the results of our school system. During the meeting, we talked about programming offered at the high school level and many of the Chairs highlighted the need to meet the needs of all students and ensure that more students complete their studies.

We also discussed the need for an increased focus on accountability and oversight of budgets as they related to program delivery particularly with respect to special needs funding.

In addition, I shared with the Chairs, the importance of a coordinated approach to adult learning so northerners have better access to the post-secondary and skills training required to take full advantage of current and future employment opportunities.

It is important to recognize that our education system has made significant progress over the past 15 years. We now have more students graduating from high school, including an increased number of aboriginal graduates and graduates from community high schools. This growth and development is the result of the hard work by all partners in the education process, especially families and communities who recognize the importance of schooling.

Mr. Speaker, the Chairs and I have committed to meeting two times each year to ensure that we have a regular forum for sharing our ideas and our views on providing the best possible education for meeting the needs of all our students.

I thank the Chairs for their ongoing commitment to educating our children and youth and I look forward to meeting with them next November to hear their ideas, concerns and aspirations for our NWT education system. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Item 2, Ministers' statements. The honourable Minister of RWED, Mr. Bell.

Minister's Statement 23-15(3): Waste Reduction And Recovery Programs

HON. BRENDAN BELL: Thank you, Mr. Speaker. Mr. Speaker, I am pleased to take this opportunity to update this House on the implementation of the Waste Reduction and Recovery Act.

As Members are aware, the legislation to enable the development and implementation of waste recovery programs was passed by the 14th Legislative Assembly in October 2003. The new act establishes a framework for waste reduction programs and provides for the formation of a Waste Reduction and Recovery Advisory Committee. This committee will play a vital role in the establishment and operation of waste recovery programs developed by this government, including the proposed beverage container recovery program.

A recent call for expressions for people interested in serving on this committee was very successful. A number of qualified women and men representing industry, business, municipalities, and environmental organizations, as well as those with an avid interest in recycling from throughout the Northwest Territories, put their names forward to serve on the advisory committee.

I expect to appoint Members to the Waste Reduction and Recovery Advisory Committee within the next few weeks. It is my hope that the committee can hold its initial meeting in April when they can begin discussions on the first proposed program, the beverage container recovery program.

Mr. Speaker, the success of any waste recovery program will depend in large part on the participation and support of the residents of the Northwest Territories. I believe the Waste Reduction and Recovery Advisory Committee will be instrumental in ensuring the necessary support and participation in these worthwhile endeavours. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Item 2, Ministers' statements. The Minister of Justice, Mr. Dent.

Minister's Statement 24-15(3): North Slave Correctional Centre Opening

HON. CHARLES DENT: Thank you, Mr. Speaker. Mr. Speaker, on March 31, 2004, the opening ceremony for the North Slave Adult Correctional Centre will take place.

This marks a significant step forward on modernizing the corrections system in the Northwest Territories. The North Slave Adult Correctional Centre will replace the 38-year-old Yellowknife Correctional Centre. The new centre will increase the ability of offenders to access appropriate programming to assist in their healing. The new centre will provide a safe and secure custody environment that supports rehabilitation.

I would like to recognize the work of the Aboriginal Advisory Group. The design of the facility and some of the programming that will be offered were shaped by their advice and guidance. We appreciate their time and their commitment to helping offenders reintegrate back into society with new positive values and skills.

I would like to invite residents to visit the new correctional centre to see it for themselves. An open house will be held from 6:00 to 9:00 p.m. on March 31, 2004. Tours will be available and employees will be on hand to answer questions. I encourage Members of this House and the public to tour the new facility on March 31st.

---Applause

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

ITEM 3: MEMBERS' STATEMENTS

Member's Statement On Mackenzie Valley Environmental Review Board Pipeline Consultation

MR. DELOREY: Thank you, Mr. Speaker. Mr. Speaker, today I rise to draw attention to an issue which is both important to myself and the community which I represent and one that speaks to the ambivalence of public government to listen to the people of the North.

Mr. Speaker, this government has repeatedly stated that its actions will be governed by the will of the people. To this end, it has repeatedly shown an effort to meet with the people by means of a public consultation process. I believe that public consultation should be at the forefront of all of our actions.

Mr. Speaker, I get concerned when agencies of public government, such as the Mackenzie Valley Environmental Impact Review Board, refused to listen to the concerns of the public and to the community that I serve. The Mackenzie Valley pipeline project will have a major impact on this territory and will have a lasting and significant impact on my community of Hay River. I would like to take a moment to highlight just a few of the impacts this project will have on Hay River.

Mr. Speaker, there are plans for a modular fabrication camp housing 300 persons within Hay River. There will be 5,500 rail cars bringing pipe to NTCL's barging facility. There will be another approximately 1,200 rail cars per annum carrying fuel over a five-year period. There will be some 3,000 pieces of heavy equipment railed or trucked to our community for movement to the construction camp sites. Over the construction phase, the proposed five-year

camp will require 600 to 700 tons of supplies that will be staged in Hay River.

This proposed level of activity is just the tip of the iceberg, Mr. Speaker. Anyone with any vision can see that this project will have a very significant impact on the community of Hay River. Mr. Speaker, this is why I am both perplexed and concerned with the apparent lack of respect shown by the Mackenzie Valley Environmental Impact Review Board with their decision not to include Hay River in phase one of their environmental review process. Mr. Speaker, phase one was to be a series of public meetings designed to gather evidence of what concerns the public has and to determine which issues will be examined in detail during phase two of the review. In a document written by the MVEIRB dated February 6, 2004, it is clear Hay River will be significantly impacted.

Mr. Speaker, I seek unanimous consent to conclude my statement.

MR. SPEAKER: The Member is seeking unanimous consent to conclude his statement. Are there any nays? No, there aren't. You have unanimous consent. Conclude your statement.

MR. DELOREY: Thank you, Mr. Speaker. That being said, I am mystified why the board declined to grant the Town of Hay River the request to hold public meetings in Hay River to listen to the concerns of the community. At the appropriate time, Mr. Speaker, I will have questions for the Minister responsible. Thank you, Mr. Speaker.

---Applause

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

Member's Statement On Gameti Spiritual Healing Workshop

MR. YAKELEYA: Thank you, Mr. Speaker. Mr. Speaker, my Member's statement is on the Gameti spiritual healing workshop. During our visit to the Sahtu region early in February, Mr. Henry Zoe and myself had the opportunity to speak with the Deline people who at that time were talking about a cultural exchange trip on the land to Gameti. The Deline coordinator spoke on the Dene history, the passing down of knowledge to the younger generation and the essential movement to keep the traditions alive by embarking on this trip. By fundraising and seeking support from this government and other organizations, the trip to the Gameti spiritual healing workshop became a reality.

We were witness to the event yesterday at Gameti. That is what Minister Zoe promised to the people of Deline in early February at a public meeting. He told them he would invite the Sahtu MLA and he would meet them when they arrived in Gameti. True to his word, he kept this promise. Eighty people from Deline arrived in Gameti yesterday. They were highly grateful and appreciated Minister Zoe. Mr. Speaker, I want to say mahsi cho to the Gameti organizers for their hard work, to the people of Gameti for the warm welcome and to Minister Zoe for helping make this happen. We counted over 30 skidoos arriving in Gameti. We saw at least 45 young people who had made the three-day trip to Gameti. Some of them were just 10 years old.

Mr. Speaker, we had important issues to deal with, with important changes coming our way and important decisions to make for the whole NWT. However, the most important actions we take are for our children. The looks on the children's faces and the joy at having made this trip, Mr. Speaker, is the big picture we always talk about. Small steps taken by this government like supporting community initiatives like this have a big impact on our people. We need to see more of this. Mahsi, Mr. Speaker.

---Applause

MR. SPEAKER: Item 3, Members' statements. Member for Range Lake, Ms. Lee.

Member's Statement On Waiving Of Business Incentive Policy

MS. LEE: Thank you, Mr. Speaker. Mr. Speaker, I would like to speak today about some of the points that are wrong with the way the Housing Corporation is dealing with the purchase of 22 mobile homes.

Mr. Speaker, government should follow its policies like BIP and if it's going to exempt itself, it should provide justification on a timely basis. Government has not done that. Mr. Speaker, I might point out to you that I am not allowed to buy blank CDs from Wal-Mart out of my office budget even if it's cheaper to buy from there because they do not fall under the BIP. So why should the Housing Corporation be allowed to buy houses from the South because they think it's cheaper to buy south?

---Applause

Mr. Speaker, I say what's good for the goose should be good for the gander. Mr. Speaker, we are constantly threatening the diamond mines and any business wanting to get involved in pipeline activities that they have to leave the benefits north. If the government is not willing to follow its own principle and its own policy, what right does it have to impose this principle on multinational companies?

Mr. Speaker, government has an obligation to spend their capital money in ways that maximize the benefits for the North. We have business in the North. If they get this contract, they are willing to build 22 stick built homes, not mobile homes, but they are not even going to be considered. They are willing to send journeymen from Yellowknife to communities to hire community people to do the taping, siding and painting, but government says they can't do it. They are willing to use the trades people, electricians, plumbers and engineers, but government says nobody can do it in the North.

Mr. Speaker, if the government is going to introduce a major policy change like going from stick built houses to create jobs and then change their minds to buy mobile homes, the government has an obligation to let us know that. It is wrong for the government to use a scare tactic to the Members of this House, on this side of the floor, to say we have to break this rule and go straight on through because otherwise there will be no new homes in the communities this fall. Mr. Speaker, this decision was made months ago and we didn't find out in this House until we read it in the newspaper and neither did the businesses who might be interested in bidding on this.

Mr. Speaker, I, for one, refuse to be treated like a mushroom in the dark expected to live on a regular dose of manure from Cabinet.

SOME HON. MEMBERS: Whoa!

MS. LEE: Mr. Speaker, where there is a major contract...Mr. Speaker, I seek unanimous consent to conclude my statement.

MR. SPEAKER: The Member is seeking unanimous consent to conclude her statement. Are there any nays? No, there aren't. Conclude your statement, Ms. Lee.

MS. LEE: Mr. Speaker, where there is a major contract, like providing 45 homes for two years, the government should first consult with northern contractors to see if anyone can do the job. The government has not done that. In fact, they have been putting off paving the way for northern businesses to discourage them. Mr. Speaker, we have a business right here in the North who could do the job on budget, on time and create jobs in the process, but not only do they not get the benefit of a BIP, they don't even get the courtesy of prior notice and that is wrong and the government has to change that.

Mr. Speaker, our northern businesses stay in business through the good times and bad and when there is an opportunity of a real project that they can sink their teeth into, those projects are allowed to float right over their heads, straight down south and the Cabinet sits around justifying it.

Mr. Speaker, in conclusion, I know what you would say if the Fort McPherson Tent and Canvas Shop were denied a contract to manufacture 100 mega-sized tents because it is cheaper to get them done in China and not even be given the chance to look into the project. So, Mr. Speaker, I know that you would not stand for it. You would hold the House down for a week to stop it, and I don't think we should allow this to happen, Mr. Speaker. Thank you.

---Applause

MR. SPEAKER: Just to remind the Member to keep the Speaker out of your debate; I am trying to be neutral here, and it doesn't fit to bring the Speaker into the debate. Item 3, Members' statements. Member for Kam Lake, Mr. Ramsay.

Member's Statement On Waiving Of The Business Incentive Policy

MR. RAMSAY: Thank you, Mr. Speaker. I wanted to utilize my Member's statement today so that I can again bring up a topic that has been heavily discussed in this House over the last week. The topic is the tender for 22 mobile homes, which are to be sent to various communities throughout the Territories. The tender was issued by the Housing Corporation and closes this Friday, April 2nd.

Mr. Speaker, I have some very serious concerns with the evolution of this tender, the decision-making process on how and why the business incentive policy was waived on this has not, to date, been fully explained to this House. This causes me and some of my colleagues a great deal of consternation. Waiving the BIP on this tender is one issue, Mr. Speaker. The other issue is the fact that this

government has given direction to the Housing Corporation which effectively pulls the rug out from any made-in-the-North solution to community housing needs in the NWT. I have not been given a clear answer yet on when the decision was made to not consult with northern manufacturers. At the very least, Mr. Speaker, the government should table a chronology of events on how, what and when things transpired to arrive at the decisions that they've made. As I understand it, the Housing Corporation has been in contact and consulting with southern manufacturers for the past six months. Mr. Speaker, this would lead me to believe that the direction to exclude the northern manufacturers was predetermined. Waiving the BIP is further proof that the government really has no intention of supporting the northern manufacturing sector.

Mr. Speaker, I believe that this is the perfect example of a government that, like the last government, talks out of both sides of its mouth. They talk about how important it is to diversify our economy, create jobs in the communities, train young people and grow community capacity, but when given a fine opportunity to work with northern manufacturing firms to find a solution that fits our territory, the issue of tender...That, in my mind, flies directly in the face of what we as a government are trying to accomplish.

Mr. Speaker, the lack of consideration on the part of this government in this whole thing is shameful. Does this government support northern manufacturing or not? Judging by their actions to date, I would suggest they don't. Like my colleague, Ms. Lee, from Range Lake, I know we have the capacity here in the Northwest Territories to accomplish this tender. Thank you, Mr. Speaker.

---Applause

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

Member's Statement On Taxation To Facilitate Spending In The North

MR. ALLEN: Thank you, Mr. Speaker. In the last two weeks, I have raised several issues related to the economic stability of the Northwest Territories, encouraging the Minister of Finance to look at several tax measures that would be a benefit to the investment in our territory. Mr. Speaker, my researchers have found several interesting items that should intrigue the imagination of our government; none more so than an article on economic development in the Edmonton Journal, dated March 25th.

Mr. Speaker, I quote from the article, "Ireland is the poster child for success, going from one of the poorest economies to one of the richest in two decades." It seems to relate to our own economy. "It combined an attractive corporate tax culture with education to produce skilled workers for the companies that set up shop there." The article also states that, "an investment tax credit works better than grants and tax breaks since the latter leads to more failures than successes."

Mr. Speaker, I did, on several occasions, raise the important issue of taxation to facilitate spending and vocational training in the North. Mr. Speaker, knowing that this government is beginning a process of developing

a working group on a joint pipeline committee, I would offer that they build into their mandate a component that would address a tax regime. This tax regime could be modeled after the investment tax credit which could be used to reward spending money in the territory and can be broadly available to all industries.

Mr. Speaker, during this budget session we've heard loudly that the federal government will not readdress our fiscal situation. The Premier has stated this, so did the Finance Minister, and so did the Minister of Health and Social Services. They were also on record as saying this as well. It is time our Premier and his Cabinet come to introduce some new ideology on tax reform as an indication to the federal government that we are serious about our sovereignty issues. I hope that they will take some of our ideas and, over the course of time, begin to look at implementing some of these suggestions. Thank you, Mr. Speaker.

MR. SPEAKER: Item 3, Members' statements. Member for Yellowknife Centre, Mr. Hawkins.

Member's Statement On Comments On The Business Incentive Policy

MR. HAWKINS: Thank you, Mr. Speaker. Mr. Speaker, my topic today is to ask an obvious question. What is the BIP? It's the business incentive policy, Mr. Speaker, but really what does that mean? It is to create a level playing field whereby we formally acknowledge that, tucked well within the beauty of our northern fresh air, our friendly-spirited environment, the government recognizes simple factors that need to be considered; obvious factors, Mr. Speaker, such as a jug of milk here costs more than it does in Calgary, and a kilowatt isn't as cheap as it is in Edmonton. Mr. Speaker, labour comes at a premium higher than it does in Fort McMurray. These are key principles that require corrective solutions and proactive steps. That is why we have the BIP.

Mr. Speaker, the BIP is intended to bring simple baseline market levels closer together so our businesses can compete with southern industries, national industries. Mr. Speaker, by waiving the BIP we could be affecting those who potentially are going to be taxed higher, so we are taking opportunity away from them but the government is asking us to support their corporate tax increase. It seems kind of strange to me. Mr. Speaker, waiving the BIP to me is a slap in the face of the principles it stands for. All I am going to suggest is that those who are responsible for slapping these people in the face save some energy in your arm to wave goodbye to our good, hard-earned money. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Item 3, Members' statements. Member for Nunakput, Mr. Pokiak.

Member's Statement On Health Care Staffing Shortages In Nunakput

MR. POKIAK: Thank you, Mr. Speaker. This morning, I received a copy of a letter by the director of client services of Inuvik Regional Health and Social Services Authority, from the office of the Honourable Minister, Michael Miltenberger, Minister of Health and Social Services, advising of the temporary closure of the Holman health centre. The closure of the health centre commenced on

March 26, 2004, and is expected to last until April 15, 2004.

Mr. Speaker, during this time the health centre will be closed. There will be no clinics; however, a nurse will be available for emergencies only. No clients can call any hospital emergency room department. In my Member's statement on January 20, 2004, I voiced the exact same concerns about health and staffing services in that riding. I understand the department is having a difficult time recruiting nurses in the Northwest Territories. The reduction in services is continuing to be a problem. The residents of Holman should no longer have to be the ones who suffer a reduction in health services simply because their community is hard to staff.

Mr. Speaker, when will the Department of Health and Social Services find a solution to ensure the staffing requirements are met in Holman or, Mr. Speaker, will the department wait until something happens to a person before they take action? I will be following up with the Department of Health and Social Services on health care staffing shortages in that riding. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Item 3, Members' statements. Member for Nahendeh, Mr. Menicoche.

Member's Statement On The Importance Of The Business Incentive Policy

MR. MENICOCHÉ: Mahsi cho, Mr. Speaker. I, too, rise and I would like to talk about the business incentive policy. That is of great concern to residents and businesses I represent in the Nahendeh riding. They have indicated to me that they want the BIP enforced and used at all times. It was put into place to recognize the high costs of our northern contractors who have to endure year-round costs where southern competitors don't pay taxes here or have overhead. The North is a great place to live, but if we don't keep and utilize the business incentive program, the whole of the NWT will just become a satellite community for southern companies.

---Applause

Government is supposed to work for the good of our people and here is an example of a good program being put by the wayside. If the business incentive policy is costing the government money, they have yet to show us.

---Applause

If this is true, then we will have to revisit how we best support and affirm our businesses by our business incentive policy. Mahsi cho.

---Applause

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

Member's Statement On Investing In The North To Develop Capacity And Affordable Housing

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, today, along with a couple of my colleagues, I would like to speak about the business incentive policy in relation to importing mobile home units. Everyone knows that the cost of doing business in the North is higher. In

order to create a more level playing field while at the same time developing our northern economy, our government decided that it was worth the price of a potential monetary premium to see jobs and money stay in the North.

The difficulty is that the financial resources are tight. There is a temptation to jump to the conclusion that, without the BIP, our purchase of goods and services and homes will go further. Mr. Speaker, I don't think that northern suppliers and manufacturers were given the advantage of turning their mind to the supply of these 22 units that have been discussed extensively in this House over the past few days. Yet, had the same effort been applied to dialogue with northerners to find a northern solution to this need, I think the results might have been quite substantial. It is quite a leap to go from stick built homes built on site in communities, which was something this government has insisted on for many years, to imported modular or mobile housing units.

We don't know, Mr. Speaker, if we are actually saving anything. Because the benefits of buying north are not easy to quantify, we fall into the mindset that everything from the South is cheaper and better. I don't agree with that. In our harsh conditions here in the North, where temperatures can range easily from 30 below to 30 above, a better investment of our scarce resources might have been more prudently spent on a northern product. Not to mention the benefits of keeping jobs and incomes in the North.

Mr. Speaker, I realize that it may not be possible to pull back the tender of these 22 units and still meet the pressing needs for these units in the communities that are now expecting them in a timely manner. But, I think the message to the government should be that in the future, before we spend an inordinate amount of time on how we could defend diverging from our current procurement policies, we invest an equal or greater amount of time in consulting northerners about how we could efficiently and cost-effectively deal with the need of affordable housing while adhering to this government's philosophy of building capacity, creating jobs and economy here in the North.

As one of my colleagues alluded to, we spend a lot of energy convincing large corporate clients to be good citizens. Mr. Speaker, we need to lead by example, be good corporate citizens, and practice what we preach. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Item 3, Members' statements. Member for Tu Nedhe, Mr. Villeneuve.

Member's Statement On Supporting The Community Involvement Of Seniors

MR. VILLENEUVE: Mahsi, Mr. Speaker. Mr. Speaker, I am going to raise the important issue relevant to seniors and the contributions they make to our society. I met with the Seniors' Society last week here in Yellowknife and also another elders' committee from Lutselk'e yesterday.

Although these meetings were bound together under different circumstances, the underlying points raised during these discussions were very similar: issues pertaining to health services, acute and outpatient care, and community health representation, just to name a few, and many other issues related to housing and seniors'

and elders' involvement in our education system. Mr. Speaker, the role of this demographic sector of our society cannot be undermined by our fiscal restraints, resource development and devolution issues. I don't think there is any other sector of our society which can make such a priceless contribution towards improving community support and assisting youth and other seniors through increased volunteerism and community involvement.

Mr. Speaker, I feel that organizations like the NWT Seniors' Society and community elders' committees should be given equal consideration by this government on all fronts related to their work, their health and their cultures and especially their relentless dedication and support that they have for us, their MLAs, to make their lives more meaningful and enjoyable and, more importantly, more memorable like those many other lives that they touch and improve every day. Mahsi, Mr. Speaker.

---Applause

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

Member's Statement On Consistent Application Of Government Policies

MR. BRADEN: Thank you, Mr. Speaker. A few days ago in this Assembly, we learned that Cabinet has approved the forgiveness of \$800,000 in taxpayers' money due to a business deal that we went into not working out. Even though we had adequate protection for the taxpayers' money, Cabinet made a decision to forego it. In more recent days, we learned that a major policy of this government, the business incentive policy, was dodged in favour of an assumption that only a southern product could be brought into the North on an economic basis. The signals that our government is sending to the business community, Mr. Speaker, are very confusing. They are destabilizing, inconsistent and, above all, they lack what is very important to any government, and that is good faith and integrity.

We are partners. We espouse this. We have fostered this attitude, but we are not living up to it. We are putting to the test the faith and the trust of our partners in the business community by such inconsistent application of our policies. Mr. Speaker, our economy, the way we manage it, is evolving, and so should our policies and the way we conduct business ourselves. We need to be open and transparent in the way we do this. We need to make sure that our rules and our principles are out there all the time for everyone to see and that we live up to them. The business community asks for nothing more than a level playing field, and we are not delivering. Where are the rules? The message that we are sending is that the exception is the rule, and that is unacceptable. Thank you, Mr. Speaker.

---Applause

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

ITEM 5: RECOGNITION OF VISITORS IN THE GALLERY

MR. YAKELEYA: Thank you, Mr. Speaker. I recognize someone very important in my life, a most important teacher, my mother, Laura Lennie.

---Applause

I also recognize the NWT Suicide Prevention Steering Committee and four trainers, these people who contribute their energy and time to saving lives in the Northwest Territories. Mahsi.

---Applause

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

HON. MICHAEL MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, I would like to also recognize the members of the Northwest Territories Suicide Prevention Steering Committee in the gallery with us today. They have been meeting in Yellowknife with the trainers for the last two days and are responsible for overseeing the three-week Northwest Territories suicide prevention training program and other territorial suicide prevention. This year, we have with us Sandy Little, the chairperson from Health and Social Services; Hazel Nerysoo from Fort McPherson; Helen Gruben from Tuktoyaktuk; Laura Lennie from Tulita; Judy Desjarlais from Yellowknife; Carole Lane from Yellowknife; and the trainers are Frank Hope from Inuvik; Frank Edwards from Inuvik; Linda Todd from Yellowknife; and Hazel Nerysoo, who does double duty as a trainer as well. I would like to ask you to join me in welcoming them to the Assembly and thank them for their good work.

---Applause

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

HON. HENRY ZOE: Thank you, Mr. Speaker. I would like to recognize one of my constituents, Mr. Ernie Smith. He is also a band councillor from Rae-Edzo. Welcome to the House. Thank you.

---Applause

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

MR. ALLEN: Thank you, Mr. Speaker. It gives me great pleasure this afternoon to recognize Frank Sambo with whom I have a long history of friendship. As well, we were team mates in the 1989 canoe race at Aklavik and the winning team. Mr. McLeod was also representing Fort Providence. As well, I'd like to recognize Mr. Frank Pope, also a fellow Inuvik resident. Thank you, Mr. Speaker.

---Applause

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

HON. JOE HANDLEY: Mr. Speaker, I'm honoured to recognize two constituents: Carole Lane and Major Karen Hoef. Thank you, Mr. Speaker.

---Applause

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

MR. MENICOCHÉ: Thank you very much, Mr. Speaker. I'd just like to recognize Mr. Frank Pope, a former Fort Simpson resident now residing in Inuvik. Thank you very much.

---Applause

MR. SPEAKER: Item 5, recognition of visitors in the gallery. I'd like to recognize a constituent of mine, Susan Nerysoo, sub-chief, and also Frank Edwards, a former constituent of mine now living in Inuvik. Welcome to the House.

---Applause

Item 6, oral questions. The Member for Hay River North, Mr. Delorey.

ITEM 6: ORAL QUESTIONS

Question 109-15(3): Involvement Of Hay River In The Pipeline Consultation Process

MR. DELOREY: Thank you, Mr. Speaker. Mr. Speaker, as I stated in my Member's statement, there are some concerns from my area with the Mackenzie Valley Environmental Impact Review Board and the round of consultations that they're doing. I would like to ask the Minister of RWED if he is aware of the concerns that Hay River has with that board not coming to Hay River to do some reviews. Thank you, Mr. Speaker.

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

Return To Question 109-15(3): Involvement Of Hay River In The Pipeline Consultation Process

HON. BRENDAN BELL: Thank you, Mr. Speaker. Yes, the department is aware there was some concern raised by the town of Hay River over the proposed consultation schedule in this first, preliminary consultation. Thank you.

MR. SPEAKER: Supplementary, Mr. Delorey.

Supplementary To Question 109-15(3): Involvement Of Hay River In The Pipeline Consultation Process

MR. DELOREY: Thank you, Mr. Speaker. Mr. Speaker, could the Minister inform this House if this board has a fiduciary responsibility to consult with all affected parties when a review is undertaken? Thank you, Mr. Speaker.

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

Further Return To Question 109-15(3): Involvement Of Hay River In The Pipeline Consultation Process

HON. BRENDAN BELL: Mr. Speaker, I think it's important to keep in mind that the board is simply going around to assess whether or not there is significant public concern and, if so, that would trigger the joint panel review. I think we probably all know that phase of the review is inevitable. This preliminary screening and work that they're doing now is just to confirm and hear from some of the people in the Northwest Territories what those concerns might be. Thank you.

MR. SPEAKER: Supplementary, Mr. Delorey.

Supplementary To Question 109-15(3): Involvement Of Hay River In The Pipeline Consultation Process

MR. DELOREY: Thank you, Mr. Speaker. Mr. Speaker, what action is the government willing to take or the Minister willing to take to ensure that the residents of Hay River have an opportunity to be heard by this review board? Thank you, Mr. Speaker.

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

Further Return To Question 109-15(3): Involvement Of Hay River In The Pipeline Consultation Process

HON. BRENDAN BELL: We are making sure that we follow the process and sit in on the meetings in order to hear public concerns, but I certainly take a lot of comfort in knowing and believing that this will go to phase two and there will be a joint panel review and, at that point, there will be significant opportunity not only for the residents of Hay River...I take the Member's point that Hay River stands to benefit hugely from a development of this nature and I think they're poised quite well to do so, but the board will hear from the residents of Hay River, it will hear from residents across the Northwest Territories and I'm certain will take their input and give it a lot of weight. Thank you.

MR. SPEAKER: Final supplementary, Mr. Delorey.

Supplementary To Question 109-15(3): Involvement Of Hay River In The Pipeline Consultation Process

MR. DELOREY: Thank you, Mr. Speaker. I'm glad to hear that the Minister has confidence that the concerns will be addressed in phase two. But, Mr. Speaker, in the work plan for the environmental assessment of the Mackenzie Valley gas project it states very clearly that phase one of the review board will hold a series of public hearings in the Mackenzie Valley to gather evidence of any public concerns and determine which issues will be examined in detail during phase two. So if communities haven't got a chance to voice their concerns during phase one, how are they going to get in on phase two when it's specifically phase one that addresses what issues will be looked at in detail during phase two? Thank you, Mr. Speaker.

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

Further Return To Question 109-15(3): Involvement Of Hay River In The Pipeline Consultation Process

HON. BRENDAN BELL: Thank you. I believe that there will be a chance in phase two for all residents to bring forward their significant concerns and I will acknowledge that the concerns of Hay River may not be identical to the concerns of other communities. There are going to be issues specific in nature, but they won't be from left field. They are going to involve business opportunities, employment opportunities, environmental impacts and those sorts of things. I think the broadest categories of issues are being documented at this point. There will be plenty of room. As well, I'm certain that our department or the Government of the Northwest Territories will make an intervention and we plan to do so. We are an interested party in the cooperation plan. We will certainly make an intervention on behalf of all residents across the Northwest Territories. Thank you.

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

Question 110-15(3): Justification For Waiving The Business Incentive Policy

MS. LEE: Thank you, Mr. Speaker. Further to my Member's statement, my question today is for the Minister responsible for the Housing Corporation. Mr. Speaker, as I stated, there have been lots of less-than-good behaviour on the part of the Cabinet and the Housing Corporation in the way they have dealt with this. Mr. Speaker, I think that exempting BIP, exempting themselves from their own policy, requires a justification. We still have not been provided with any evidence that proves that to us. We still do not have any documents, although the Ministers have promised for the last week or so.

Second of all, I'm providing the Minister with information that tells us there are at least two, if not more, northern businesses who could do this, who could deliver the goods on time with or without BIP, who would have maximum economic spin-offs by creating jobs and building our tax money here and everything. So I would like to know -- the only thing I think they need is more time than three weeks to put together a plan for 45 homes -- if the Minister would consider extending the contract time. Thank you, Mr. Speaker.

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Return To Question 110-15(3): Justification For Waiving The Business Incentive Policy

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, my information tells me that we have had over 30 tenders picked up today and of those 30, 17 are from the North. Now we will consider, we have committed in yesterday's question period, to reviewing this whole initiative with Cabinet on Thursday. There is going to be some concern because there are a number of tender documents being processed right now. However, if there is a concern raised by the Member needing more time, how much more time that is I'm not sure, we do have a real tight time frame in this situation. A portion of these units are intended to go onto the barges and we need to have them in place by September. We may be able to defer a portion of it. I can't say that with any certainty. We can certainly look at it, but at this point I can't make that commitment. Thank you.

MR. SPEAKER: Supplementary, Ms. Lee.

Supplementary To Question 110-15(3): Justification For Waiving The Business Incentive Policy

MS. LEE: Thank you, Mr. Speaker. Among many anomalies in this process, one of the things I've learned also is that the tender documents that were put out for this contract did not even have specifications as to what exactly the Housing Corporation was looking for. They didn't even have square footage that they were looking for. I have no idea how the Housing Corporation or Cabinet do their calculations if they don't even know those kinds of assumptions or don't put them out there. I don't know how they expect the businesses to apply for it.

Anyway, okay. Thank you. Mr. Speaker...

---Laughter

I have been here long enough to know that the pressure on Cabinet is considerably lessened if we're not here to push them. I don't know if we're going to be here tomorrow. I am not going to take the word from the Minister. I would like to know if the Minister is really open and Cabinet is open to revisiting this situation, changing their minds and to extending this contract by two weeks. I'm asking for two weeks. Thank you, Mr. Speaker.

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Further Return To Question 110-15(3): Justification For Waiving The Business Incentive Policy

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, we're taking note of the concerns raised in Committee of the Whole and certainly in this House. We take all the questions very seriously. The question to defer by two weeks we will put forward. Our tendered document that the Member has referenced as not having a lot of detail, I'd like to point out to the Member that this document is something I'm prepared to table. It's a supply tender for commodity. It is not a construction contract. We are looking for a lowest-priced tender in this case. It does meet the technical requirements. The question again for the two weeks is something we may be able to accommodate. I would certainly take it seriously and bring it forward and respond as soon as possible. Thank you.

MR. SPEAKER: Supplementary, Ms. Lee.

Supplementary To Question 110-15(3): Justification For Waiving The Business Incentive Policy

MS. LEE: Thank you, Mr. Speaker. I think the Minister mentioned there are lots of businesses that have picked up the tenders, but that doesn't necessarily mean that as many businesses are going to be able to actually meet the bidding requirements and have them back on April 2nd, because my understanding is the notice for this sort of project for these houses was so short and it was only for three weeks. Mr. Speaker, I'd also like to still know when he's prepared to give us the background information on which the Cabinet decided to waive the BIP. We still don't have that, Mr. Speaker. Thank you.

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Further Return To Question 110-15(3): Justification For Waiving The Business Incentive Policy

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, I just got the package and it's being copied right now and will be distributed to the Members. It's in the works as we speak and I apologize for being late by a day. The commitment for Monday was a tough one to meet.

---Laughter

MR. SPEAKER: Final supplementary, Ms. Lee.

Supplementary To Question 110-15(3): Justification For Waiving The Business Incentive Policy

MS. LEE: Thank you, Mr. Speaker. I think he's at least four days late on that information. Mr. Speaker, I accept

that the Minister is an honourable Member and I'm willing to trust his commitment, but I want to know from the Minister and I want him to clarify that he would, in fact, go to Cabinet and ask for a two-week extension. Not just, I will see what I can do, but would he commit to asking for a two-week extension? Yes or no, please, Mr. Speaker. Thank you.

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Further Return To Question 110-15(3): Justification For Waiving The Business Incentive Policy

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. We will run that through the Housing Corporation to see if we can deal with the deadline. That is the biggest concern at this point. I will guarantee the Member that I will take this issue to Cabinet and indicate the different arguments that have come forward on why we should extend the tendering process for another two weeks. Thank you.

MR. SPEAKER: Item 6, oral questions. The Member for Great Slave, Mr. Braden.

Question 111-15(3): Consistent Application Of Government Policy

MR. BRADEN: Thank you, Mr. Speaker. My questions this afternoon are for the Premier. They relate to the whole area of our government's application of policy and the measures by which we apply that. It was interesting yesterday afternoon, Mr. Speaker, in response to a question from my colleague, Mr. Hawkins, that the Premier said the following, and I quote from the unedited Hansard, "Mr. Speaker, I have to say that policies are policies. They're general directions and guidelines. They're not one of the Ten Commandments. They're not laws. There is room for some exception there where we can warrant it." So I'm a little confused and I guess I'd like to start by asking the Premier if he could give us this afternoon Cabinet's definition of policy. Thank you, Mr. Speaker.

MR. SPEAKER: Mr. Premier, Mr. Handley.

Return To Question 111-15(3): Consistent Application Of Government Policy

HON. JOE HANDLEY: Mr. Speaker, a policy outlines an intention and a direction that the government is going to take. It basically describes a purpose, it describes some basic principles that we're going to work through, it describes the scope of what we will do and what's covered by the policy and what its impact will be. It also includes some background on how the policy will be implemented, what the authority and accountability is.

As well, Mr. Speaker, it also includes a section which says that the prerogative of the Executive Council, which if I may read says, "...nothing in this policy shall in any way be construed to limit the prerogative of the Executive Council to make decisions or take actions respecting the provisions in the policy." So, Mr. Speaker, it's a statement of what we are intending on doing. There are times, Mr. Speaker, where there are conflicting or two different objectives and we have to determine which is the highest priority. There are times and there have been cases in the past where exceptions have been made to policies and it will probably continue in this government and future

governments. We try to limit it and only do it where we really haven't got much choice in weighing alternatives. Thank you, Mr. Speaker.

MR. SPEAKER: Supplementary, Mr. Braden.

Supplementary To Question 111-15(3): Consistent Application Of Government Policy

MR. BRADEN: Thank you, Mr. Speaker. That's a helpful discussion of the fluid realm in which policy is stated. I'm not challenging that Cabinet should have the authority at times to make exception. I think that is a valuable part of our institution. However, as the Premier said yesterday, where we can warrant it. Principles like this come into play very dramatically, especially when you're a business person. So, Mr. Speaker, what I'd like to ask now is, what criteria are in place. Can the Minister put some shape and some form and some scope to what the criteria are that would guide Cabinet when making an exception to a rule becomes warranted? Thank you.

MR. SPEAKER: Mr. Premier, Mr. Handley.

Further Return To Question 111-15(3): Consistent Application Of Government Policy

HON. JOE HANDLEY: Thank you, Mr. Speaker. I have to say that in the cases in my experience where the government has had to make an exception to a policy have been driven by competing objectives where we have more than one objective. In the case that the Member is referring to, it has to do with the need for affordable, adequate housing in communities as opposed to ensuring maximum northern benefits. Which one is going to be weighed more highly? We often, Mr. Speaker, make exceptions in another area. Another area as an example is on negotiated contracts. We have a policy on tendering everything and putting it out and advertising it, but we often have negotiated contracts. Again, we have an objective there: a northern benefit, a local benefit versus getting the best price.

Mr. Speaker, the reason we have policies is that we need to have some direction. We want to give the public clear direction of how we're functioning as a government. At the same time, we don't give a policy the same sort of stature we would have to a law, for example. If we don't want to make exceptions to it, then make it into a law. If we want to leave ourselves some flexibility on competing objectives, keep it as a policy. Thank you, Mr. Speaker.

MR. SPEAKER: Supplementary, Mr. Braden.

Supplementary To Question 111-15(3): Consistent Application Of Government Policy

MR. BRADEN: Mr. Speaker, then to the business community doing business with this government, and we are a major part of the economy here, how then do I take that kind of an explanation and work it into my business plan so that I know that there's going to be some consistency, some predictability, some stability to how I operate my business and how I do business with the GNWT? Thank you.

MR. SPEAKER: Mr. Premier, Mr. Handley.

Further Return To Question 111-15(3): Consistent Application Of Government Policy

HON. JOE HANDLEY: Mr. Speaker, as I mentioned before, there are times when it is necessary to make an exception to a policy. Those times we like to keep to a minimum. We very seldom make exceptions. In fact, if we take the business incentive policy, for example, to my recollection there have only been three exceptions made to it. On tendering, we do that much more frequently. The business community is very aware that we have the BIP. They're very aware that we tender a lot of things, but also very aware that we negotiate some contracts, we do some as sole source, we do some as standing offers. They know there are a variety of ways and depending on their interest they may promote one more than another one. The environment cannot be absolutely certain for them, but at the same time they know we have a policy that generally and by far that most of the time we are going to follow the policy. There will be opportunities or situations where we feel we need to make an exception. Thank you, Mr. Speaker.

MR. SPEAKER: Final supplementary, Mr. Braden.

Supplementary To Question 111-15(3): Consistent Application Of Government Policy

MR. BRADEN: Would the Minister commit to developing and putting to this Assembly and the business community some list of criteria that would help the business community make some judgments about when it is or is not a good idea to get into business with this government? I'm not getting a whole lot of security really that this Cabinet wants to do business on a level playing field. Can you tell us how you might go about setting out those rules more clearly? Thank you, Mr. Speaker.

MR. SPEAKER: Mr. Premier, Mr. Handley.

Further Return To Question 111-15(3): Consistent Application Of Government Policy

HON. JOE HANDLEY: Mr. Speaker, it sounds like the Member is asking me to have the government do a policy on when we make exceptions to policies.

---Laughter

That might confuse the whole thing even more. Mr. Speaker, the Department of Resources, Wildlife and Economic Development is working on a contract registry. They're doing some work in the whole area with BIP and how we do our business. We are going to continue to work on that. We're going to continue to try to improve on our communications when we need to make an exception. I can assure the business community that by far we will find that we are following our policies. If we need to communicate where we need to make exceptions or exceptions are necessary, then I hope that we can communicate that very well. The business community, I don't think, would find that there are many exceptions at all and will generally find that doing business with our government is a great opportunity for them in many cases. Of course, there are some companies that probably do very little business with us. Most of their business is with the private sector. That's going to continue. Thank you, Mr. Speaker.

MR. SPEAKER: Item 6, oral questions. The Member for Kam Lake, Mr. Ramsay.

Question 112-15(3): Consultation With Northern Manufacturers

MR. RAMSAY: Thank you, Mr. Speaker. I'll pick up where some of my colleagues have left off with my line of questioning. I guess the first question I'll ask to the Minister responsible for the Housing Corporation -- and I'll get right to the point, Mr. Speaker -- is why were northern manufacturers not consulted in this process? Thank you.

---Applause

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Return To Question 112-15(3): Consultation With Northern Manufacturers

HON. MICHAEL MCLEOD: Mr. Speaker, in this whole initiative, our goal was to provide affordable housing to the non-market communities and our intention was to bring it to a cost where it would be affordable and people would like to utilize it. We contacted a number of different organizations and boards and agencies across the North and we did have a very positive response. We felt because we had an open bidding process that we would go that route. The manufacturing community does have an opportunity to bid on this, as does everybody else. Thank you.

MR. SPEAKER: Supplementary, Mr. Ramsay.

Supplementary To Question 112-15(3): Consultation With Northern Manufacturers

MR. RAMSAY: Thank you, Mr. Speaker. Again I'll ask the question. How come northern manufacturers were not consulted in this process? I know the Minister spoke of contacting different boards and agencies from across the North and I'm just wondering, Mr. Speaker, can the Minister supply us with who was contacted and when they were contacted? As I see it, the northern manufacturing industry here in the Northwest Territories was not contacted. So please, Mr. Speaker, can the Minister provide us with the information on who was contacted and when they were contacted? Thank you.

MR. SPEAKER: Two questions. Mr. Minister.

Further Return To Question 112-15(3): Consultation With Northern Manufacturers

HON. MICHAEL MCLEOD: Mr. Speaker, yes, we can provide some information, in terms of who was contacted in writing. There is also a Web site that we have available for the Housing Corporation. I also want to point out that this is a portion of our larger capital projects and the information is distributed in the same way. We have \$32 million in capital projects. This is going to be around \$2.3 million. We do not go around contacting every company to personally knock on their door and say, yes, we have this coming up, would you like to bid? Thank you.

MR. SPEAKER: Final supplementary, Mr. Ramsay.

Supplementary To Question 112-15(3): Consultation With Northern Manufacturers

MR. RAMSAY: Thank you, Mr. Speaker. I know most of the gentlemen across the other side of this House have at one time or another stood up and extolled the virtues of diversifying our economy and supporting our manufacturing industry. I'd like to ask the Minister one final question and that is if he and the Premier can put together a chronology of events that lead up to this decision being made. I'd like some detail. That's the one thing that's missing in this whole equation, Mr. Speaker, is the lack of detail to the regular Members on this side of the House and I think it's shameful. I think the Minister should provide that chronology of events at his earliest convenience. Thank you, Mr. Speaker.

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Further Return To Question 112-15(3): Consultation With Northern Manufacturers

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. We have begun drafting a chronology of events. We'll have it prepared and provided to the Members as soon as possible. Thank you.

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

Question 113-15(3): Definition Of An Elite Athlete

MR. ALLEN: Thank you, Mr. Speaker. My question is to the Minister of Municipal and Community Affairs this afternoon, with regard to the concept and development of an NWT-wide summer Olympic games. I'm going to ask the Minister if he can provide an update in this House as to what stage he's at. Thank you, Mr. Speaker.

MR. SPEAKER: Minister of Municipal and Community Affairs, Mr. Zoe.

Return To Question 113-15(3): Definition Of An Elite Athlete

HON. HENRY ZOE: Mr. Speaker, I'm not quite clear as to the question that the honourable Member is raising. An NWT-wide Olympic games? I haven't heard of anything of that sort before. Thank you.

MR. SPEAKER: Mr. Allen, could you clarify your question?

Supplementary To Question 113-15(3): Definition Of An Elite Athlete

MR. ALLEN: Thank you, Mr. Speaker. I'll acknowledge that the Minister is not aware of the concept, so I'll go on to my next question if I may be permitted. Would the Minister guide his department to work more closely with the TSOs to sanction certain qualifying meets to overcome some of the high costs of regional and territorial qualifying events? Thank you, Mr. Speaker.

MR. SPEAKER: Minister of Municipal and Community Affairs, Mr. Zoe.

Further Return To Question 113-15(3): Definition Of An Elite Athlete

HON. HENRY ZOE: Thank you, Mr. Speaker. Yes.

MR. SPEAKER: Supplementary, Mr. Allen.

MR. ALLEN: Thank you, Mr. Speaker. I know that's a good way to respond back to questions. I'm going to ask the Minister if he would kindly define his interpretation of what an elite athlete is at this point. Thank you, Mr. Speaker.

MR. SPEAKER: The question is out of order because you're trying to get an opinion from the Minister and I think the question should be based on trying to get information that's privy to the Minister, not an opinion. Mr. Allen.

Supplementary To Question 113-15(3): Definition Of An Elite Athlete

MR. ALLEN: Thank you, Mr. Speaker. I had asked the question about the definition and that complies with certain statements he made in the opening remarks about how we treat elite athletes. So I'm going to ask again in terms of a definition, would he explain what the department considers an elite athlete? Thank you, Mr. Speaker.

MR. SPEAKER: Minister of Municipal and Community Affairs, Mr. Zoe.

Further Return To Question 113-15(3): Definition Of An Elite Athlete

HON. HENRY ZOE: Thank you, Mr. Speaker. Mr. Speaker, if the honourable Member wants me to give him a definition, it's someone like the honourable Member when he was an athlete in Inuvik in skiing. Someone in that calibre. Thank you.

---Applause

MR. SPEAKER: Item 6, oral questions. Mr. Ramsay.

Question 114-15(3): Vacancies In The GNWT Audit Bureau

MR. RAMSAY: Thank you, Mr. Speaker. I'm going to get off the topic of the BIP here and change gears a little bit.

---Applause

I'm sure that will come as some relief to the guys across the way. I want to ask the Minister responsible for the Audit Bureau a few questions and that pertains to a letter I received from them with regard to vacancies in the division. I've done a little bit more research on that, and I see that there are six vacancies in the Audit Bureau, out of 14 possible positions in that division. I'm just wondering, Mr. Speaker, if I could ask the Minister why these positions in some cases have been vacant for over 36 months. Mr. Speaker, that's three years. If they haven't been filled for three years, my concern is what's happening with the funding that's going into that division for these positions. Forty-four percent of the positions in the Audit Bureau are vacant today. Mr. Speaker, I'm asking the Minister what is happening with the funding that's going into the Audit Bureau if these positions are vacant in some cases for up to three years? Thank you.

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

Return To Question 114-15(3): Vacancies In The GNWT Audit Bureau

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, I can't speak for what the previous governments did with the money, but what we do in cases if we needed the work done and we didn't have the resources within, that means our own staff, we would look at contracting individuals to take on some of that workload. So that could be done in some cases. As well, it could be used as an area of saving some money from within and turning that back to the consolidated revenue. But I can't speak for the three years. I'm aware of the four positions, unless there are a couple more out there for hire right now and waiting for actual closure on those positions. But I'm aware of four and I've sent a letter to Members. Thank you.

MR. SPEAKER: Supplementary, Mr. Ramsay.

Supplementary To Question 114-15(3): Vacancies In The GNWT Audit Bureau

MR. RAMSAY: Thank you, Mr. Speaker. The next question I would have is if a couple of these positions, and they're senior positions, Mr. Speaker, have been vacant -- one for over three years, the other coming up on two years -- will the Minister consider rolling these positions up? If the Audit Bureau has gotten by without these positions for this amount of time, does that cause the Minister some concern? I know he spoke of the last government, but this is this government. Today is today. Will the Minister undertake to have a review of this division and see if we can roll up some of these positions that have been vacant for up to three years? Thank you, Mr. Speaker.

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

Further Return To Question 114-15(3): Vacancies In The GNWT Audit Bureau

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, as I stated earlier, I will get more details. But again, if in fact we are using those dollars to contract individuals to do that work on behalf of government, then we will look at doing that as sort of a way of getting the job done. But I am aware that, as well, for those jobs that are vacant there have been a number of attempts to fill them. Unfortunately on a couple of occasions, there were no candidates that were accepted for those positions, so they have looked at going through the process once again. But I will take that concern forward and get more details as to what's done, if in fact the money in previous years has been used to contract some of the work out. Thank you.

MR. SPEAKER: Supplementary, Mr. Ramsay.

Supplementary To Question 114-15(3): Vacancies In The GNWT Audit Bureau

MR. RAMSAY: Thank you, Mr. Speaker, and thank you, Mr. Minister, for your reply. I wanted to ask, Mr. Speaker, if the Minister could provide that information in terms of what is being contracted out. There is some confusion in terms of what the funding for these vacant positions is used for and, Mr. Speaker, if that money is used for contracting out, then I would like to see the Minister give

this House some indication on when he may be able to get back to us in terms of folding up these few positions in the Audit Bureau. Thank you.

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

Further Return To Question 114-15(3): Vacancies In The GNWT Audit Bureau

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, again I will have to get more detail before I even go down that road of folding up positions. I will look at how the work has been done and how that workload has been carried, and from that come back to the Members and provide them information. Through our next business process we can look at some options that would be available to us. Thank you.

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

Question 115-15(3): Costs Of Waiving The Business Incentive Policy

MS. LEE: Thank you, Mr. Speaker. I would like to ask further questions on the BIP and the waiving of BIP by Cabinet. This time, I would like to ask the questions to the Minister of RWED, the lead Minister, the Minister responsible for this policy. Mr. Speaker, I believe the Minister is well aware of the fact that government has spent a lot of money and concentrated efforts on developing, maintaining and operating this BIP. There is a lot of history to that, there's a lot of justification for this policy, and also RWED is the lead department in promoting, working with and sometimes using a lot of force to encourage the multinationals -- diamond companies, pipeline companies and companies associated with pipeline work if they come on board -- to make sure that we have an agreement and we maximize the benefits from that. So I would like to know from the Minister, having heard the information that he heard this afternoon from my Member's statements if he was listening and I don't want to repeat it, is he not concerned about the fact the waiving of this policy would cost us all the opportunity costs and economic costs coming out of that. Thank you, Mr. Speaker.

MR. SPEAKER: Minister of Resources, Wildlife and Economic Development. I heard two questions. Mr. Minister.

Return To Question 115-15(3): Costs Of Waiving The Business Incentive Policy

HON. BRENDAN BELL: Thank you. I think there are a number of issues. The past government, in making this decision, obviously had to consider a number of factors. We have taken a look at that as well. Clearly when you move from stick built to mobile homes, and then potentially talk about waiving the BIP on the purchase of those mobile homes, you are attempting to find a balance here between supporting economic development in the North and getting the most housing on the ground in small communities that desperately need it. That is certainly a trade-off that we had to discuss, and that was the challenge put to us, it was not an easy decision to make. I want to assure the Member that we have every intention of continuing to support this policy and of continuing to support the value-added manufacturing industry in the Northwest Territories.

The last government did strike a business advisory panel to advise them on matters. A report was submitted to the last government. I intend to respond to that report. I have asked the Construction Association and the NWT Chamber of Commerce for their input. I've gone to a number of manufacturers. I'm aware of a couple specifically in Hay River that we've consulted with to get their input on that strategy, and I will come back, will meet with Members, will table a response so that we can have a discussion about the value of manufacturing in the North and how we best support it. Thank you, Mr. Speaker.

MR. SPEAKER: Supplementary, Ms. Lee.

Supplementary To Question 115-15(3): Costs Of Waiving The Business Incentive Policy

MS. LEE: Thank you, Mr. Speaker. I appreciate all the things that he's trying to do, but I would like to concentrate on the issue at hand, Mr. Speaker. The issue is that there is plenty of evidence that suggests that giving this contract and keeping this contract in the North would create jobs and it would have major spin-offs in terms of using our electricians, our plumbers, our local labour to do the painting, taping and siding, instead of watching these 20 mobile homes fly in and get plunked in our communities. We have a real opportunity for our local people to work in them and make money at them and pay tax on them.

---Applause

I know he's a Member of Cabinet, he's going to have a say tomorrow. I want to know if he's going to support extending this contract and giving our northerners an opportunity to bid on it. Thank you, Mr. Speaker.

MR. SPEAKER: Excuse me, could I get some quiet in the House. It's getting kind of hard to hear the Member ask the question, so could I have some order. Minister of Resources, Wildlife and Economic Development.

Further Return To Question 115-15(3): Costs Of Waiving The Business Incentive Policy

HON. BRENDAN BELL: Thank you, Mr. Speaker. I certainly continue to support northern manufacturing, will continue to do that, our department continues to do that, this entire government continues to do that. I think that in the specific case of this contract, I illustrated the factors that we had to weigh and balance. In making this determination, we were cognizant of the fact that this was a \$2.3 million contract for this year out of a \$32 million capital budget for the Housing Corporation, and we were hopeful that northern companies would still compete, would still submit bids. It sounds like 17 northern companies have picked this up. My department is not involved in the contract administration, but in weighing all of these factors, Cabinet made the decision that the more important priority here was putting housing on the ground in small communities. Thank you.

MR. SPEAKER: Final supplementary, Ms. Lee.

Supplementary To Question 115-15(3): Costs Of Waiving The Business Incentive Policy

MS. LEE: Thank you, Mr. Speaker. I want to bring the Minister back to the issue at hand. It's good for the Minister to say I support this, I support that, I support this, but I tell you the people out there expect the Ministers to

walk the talk and not just say I support the policy except in this case, without any justification. So I have a very specific question to the Minister. As a Minister responsible for this policy and Minister responsible for job creation, economy and economic development and spin-off benefits, would the Minister support giving maximum opportunity to local businesses and argue for extension of two weeks in Cabinet on Thursday? Thank you, Mr. Speaker.

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

Further Return To Question 115-15(3): Costs Of Waiving The Business Incentive Policy

HON. BRENDAN BELL: Thank you, Mr. Speaker. If the determination is made by the Housing Corporation that a two-week extension would not cause us any problems in our ability to still get housing on the ground, and would not mean that we would miss deadlines, would not mean that we would miss the ferry season, and would not mean that we would jeopardize putting new housing which will be very valuable to the communities who are awaiting this and desperately need this, and I would say are anticipating this eagerly, if there was no concern about deadlines then the Housing Corporation will come forward and make that case. Cabinet will have a discussion around that, and I am hopeful then that we can have and make the best decision possible when weighing economic development in the North with the need to put housing on the ground. Thank you.

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

Question 116-15(3): Reclassification Of Mental Health, Drug And Alcohol Workers

MR. YAKELEYA: Thank you, Mr. Speaker. Mr. Speaker, my question is for the Minister of Health and Social Services. In light of the new initiative this government is doing in terms of having the mental health and the alcohol workers in the communities and regions come under the wing of the health programs, can the Minister inform this House on the status of these initiatives in terms of how many agencies or people have been adopted into this program? Thank you.

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

Return To Question 116-15(3): Reclassification Of Mental Health, Drug And Alcohol Workers

HON. MICHAEL MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, my information is that the majority of authorities have concluded the discussions, and the majority of the staff in alcohol and drugs, community wellness workers and mental health workers, have agreed to become board authorities and get the benefits and pay of the positions as you would classify them within the government. Thank you.

MR. SPEAKER: Supplementary, Mr. Yakeleya.

**Supplementary To Question 116-15(3):
Reclassification Of Mental Health, Drug And Alcohol
Workers**

MR. YAKELEYA: Thank you, Mr. Speaker, and thank you, Mr. Minister. In light of that, can the Minister inform this House and instruct the majority of the authorities of the mental health and drug and alcohol workers in terms of the expectations of having these workers secured in place in this initiative, in terms of security in their positions and their roles from now on with the GNWT? Thank you.

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

**Further Return To Question 116-15(3):
Reclassification Of Mental Health, Drug And Alcohol
Workers**

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, the intent of this initiative was to at long last recognize the work that was being done by the alcohol and drug workers, who for many of these years have laboured often in isolation. We got the positions reclassified, we had money added to the budget, and the issue now is would they become employees where they could get the benefits, they could also get the benefit of the supervision and support for training. The intent here is to continue to provide this service in all of our communities. The issue is to work out the arrangements with the various communities. The preference would be that in fact the employees would agree to come under the authorities, however, that is an issue that we have agreed to discuss with the communities on a case-by-case basis. Thank you.

MR. SPEAKER: Supplementary, Mr. Yakeleya.

**Supplementary To Question 116-15(3):
Reclassification Of Mental Health, Drug And Alcohol
Workers**

MR. YAKELEYA: Thank you, Mr. Speaker. Mr. Speaker, I understand the importance of the drug and alcohol and mental health workers as I was one of those people who were in that field. In terms of initiating a new program -- and I applaud the Minister for taking on this initiative and providing some level of comfort for the drug and alcohol and mental health workers -- March 31st is just around the corner, in terms of them securing some level of comfort in terms of them opting into the new initiative. I would like to ask the Minister what level of comfort can he give the mental health workers, the social workers, or the drug and alcohol workers that their employment will continue? Thank you.

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

**Further Return To Question 116-15(3):
Reclassification Of Mental Health, Drug And Alcohol
Workers**

HON. MICHAEL MILTENBERGER: Thank you, Mr. Speaker. The comfort we can give the alcohol and drug workers and the mental health workers is the fact that we have invested a considerable amount of money. We have taken the time to work with the communities and the authorities to get a reclassification done that recognizes the value of the work they do. With the appropriate

classification, we have raised the pay so they would have the benefit of job security, the benefit of having some qualified clinical supervision, ongoing training, and that commitment is there. It is in the budget, it is in the business plan, and we want to work out the details in those communities where there are still questions. Thank you.

MR. SPEAKER: Final supplementary, Mr. Yakeleya.

**Supplementary To Question 116-15(3):
Reclassification Of Mental Health, Drug And Alcohol
Workers**

MR. YAKELEYA: Thank you, Mr. Speaker, and thank you, Mr. Minister. Can he instruct his department in the communities that need to work out some of the case-by-case details in terms of informing the mental health workers, or the drug and alcohol workers -- because it might be a week or two before they have their final details to secure them into these new positions -- that these workers will continue on with their employment and the detail will be worked out to secure them in their positions? Thank you.

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

**Further Return To Question 116-15(3):
Reclassification Of Mental Health, Drug And Alcohol
Workers**

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, I would be happy to commit and reassure the workers and those staff or employees that may be out there listening that the intention is not to put anybody out of a job April 1st, that we want to work with the communities. There may be some transition time required, and we want to be sensitive to that. This is supposed to be a good news story. The intent here is not to get into a conflict situation with communities or staff, but to work through the questions and to work through the process. We have done that in the majority of cases, and those cases where we haven't we will work extra hard with the involved communities and authorities to resolve the issues to hopefully everyone's satisfaction. Thank you.

MR. SPEAKER: Item 6, oral questions. Member for Tu Nedhe, Mr. Villeneuve.

**Question 117-15(6): Quality Housing Versus
Affordable Housing**

MR. VILLENEUVE: Thank you, Mr. Speaker. Mr. Speaker, today I want to ask the Minister responsible for the Housing Corporation about the issue of the housing units that will be going into Deninu Kue and these other communities in the NWT. On the question of affordable housing versus maximum benefits in relation to this whole tendering process and the BIP and what not, my question really has nothing to do with the business incentive policy, although the community does welcome the opportunity to have a little bit of employment in that market and in getting site preparation and that stuff done for these units. I really want to caution the Member when talking about affordable housing, because usually when you talk about affordable housing you have to really look at quality housing.

---Applause

I would rather see some quality units going into the communities, and the people that build these units are using nails instead of staples, which happens in a lot of southern units that come up north, and are put together with a lot of staples in the units as opposed to nails.

AN HON. MEMBER: Hear, Hear.

MR. VILLENEUVE: I am wondering what measures and contract obligations that these southern firms would have to ensure that these units will last at least two to five years, and that this portable housing will not have to be replaced by some more affordable housing in the short term. Mr. Speaker, thank you.

---Applause

MR. SPEAKER: Two questions, Minister responsible for the Housing Corporation, Mr. McLeod.

Return To Question 117-15(6): Quality Housing Versus Affordable Housing

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, we demand the same quality, the same warranty conditions whether the contract is allocated to a southern supplier or a northern supplier. I am sure there are many owners or trailer owners or mobile home owners in different trailer courts in the NWT that would be very interested to hear that the houses that they are living in and are perfectly happy with are substandard, as the Member has indicated. These units meet a certain standard, they have to have CSE approval and we expect at least a 20 plus year life out of them. Thank you.

MR. SPEAKER: Supplementary, Mr. Villeneuve.

Supplementary To Question 117-15(6): Quality Housing Versus Affordable Housing

MR. VILLENEUVE: Thank you, Mr. Speaker. Just to realize what the Member was eluding to that many people in the NWT live in trailer units, Mr. Speaker, I am well aware of that. But a lot of these trailer units are older units and they are put together by very big nails. The newer units are usually a little more cost effective and, therefore, they are put together with three-quarter inch staples. I wanted to ask the Minister about the affordable housing crisis that he is addressing, and the communities that these affordable housing units will be accommodating to probably professionals that have full-time employment in these communities, which in my case are very few. What kind of affordable housing will these people have an opportunity to purchase, probably at a high rate with no real market in place? How would the government assure that these people are getting value for their dollar? Thank you.

---Applause

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Further Return To Question 117-15(6): Quality Housing Versus Affordable Housing

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, as the Member has indicated, there are some units going into communities. There is a high need especially in the community of Fort Resolution. We are planning to put in five this year, and providing everything

goes this year, from the report and Cabinet's direction, we would look to next year for more units. The community has come forward, the DEA Chair, and also the LHO president has come to Yellowknife to meet specifically on this issue. They are indicating to me that what we are allocating is not near enough for what they require. They have situations in Fort Resolution where they have three or four teachers and nurses staying together who are total strangers, and have to live in the same accommodations. We are also hearing that in some cases we've had reports from some members there who are moving eight to nine times in one year because of inadequate housing. So it is a real challenge to meet all of the demand that is out there. I also want to point out -- I think there was a reference that all this money would be going south -- 17 tenders were picked up. Also, as part of this contract, only a portion of this is for trailers, the rest is for setup. About 50 percent is for setup and we are looking at accommodating, as part of this project, stairs, skirting, the mechanical hook up, the electrical hook up, the land costs, land development, driveways, gravel pads, and all of those things have to be provided locally. So there is more than just going out and dialling a number in the south, and sending a...(inaudible)...there, as somebody referenced. They are trying to make an attempt to bring these units in as cheaply as possible and, at the same time, we are trying to balance with some of the investments staying in the North. Thank you.

---Applause

MR. SPEAKER: Final supplementary, Mr. Villeneuve.

Supplementary To Question 117-15(6): Quality Housing Versus Affordable Housing

MR. VILLENEUVE: Thank you, Mr. Speaker. I have to concur with the honourable Member to the point that there is definite need in the community. Just to get back to the accommodations set up in the community, I know that there are a lot of professionals that are all living in one unit. That is probably due to the fact that they are probably in a social housing unit, and with the rent scale they have in place one person in each unit can never afford the amount of rent. I wanted to ask the honourable Minister that when these professionals start moving out of the social housing units that were for social clients in these communities, will the department take a review of the rent scale system that currently discourages any incentive for people to seek full-time employment? Thank you, Mr. Speaker.

MR. SPEAKER: I will have to rule that question out of order, it is a whole new question. It has nothing to do with your original question. The question is out of order.

---Ruled Out of Order

Item 6, oral questions. Member for Hay River South, Mrs. Groenewegen.

Question 118-15(3): Mobile Homes Versus Stick Built Homes

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, in follow up to the Member for Tu Nedhe's questions about these units that the government is proposing to put into the communities, Mr. Speaker, Mr. Villeneuve was in the property assessment business for a long time, and I am sure he knows a little bit about this as

well. But in terms of our investment as a government, could the Minister responsible for the Housing Corporation tell me if he is aware of the life expectancy for mobile units? When buildings are appraised they have a normal lifespan. How would the life expectancy of a mobile unit compare to a stick built northern modular home? Thank you.

---Applause

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Return To Question 118-15(3): Mobile Homes Versus Stick Built Homes

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, I would have to seek the information. We were expecting these trailer units to last for the term that we have amortized, and for years longer than that, and that is a 20-year period. I don't have any estimations to refer to, I don't have that information in front of me. So I don't know, I can't say in any certainty. Our amortization and full cost recovery is based on a 20-year period, I can offer that much. Thank you.

MR. SPEAKER: Supplementary, Mrs. Groenewegen.

Supplementary To Question 118-15(3): Mobile Homes Versus Stick Built Homes

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, is the Minister aware that mobile home units depreciate in value at a much faster rate than a stick built home? Thank you.

---Applause

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Further Return To Question 118-15(3): Mobile Homes Versus Stick Built Homes

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. I would have to guess, but I would say yes. Thank you.

MR. SPEAKER: Supplementary, Mrs. Groenewegen.

Supplementary To Question 118-15(3): Mobile Homes Versus Stick Built Homes

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, would the Minister also concur that normally construction technique for mobile units would be different than that used in a normal stick built construction? Thank you.

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Further Return To Question 118-15(3): Mobile Homes Versus Stick Built Homes

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. I couldn't say to a great certainty that it is different. We are having a number of developers interested in coming forward. First of all, the facility has to be mobile so that we can move it, however, for the rest of it there are some interesting concepts and designs being put forward that would allow us to build these units fairly close to what a

normal stick built house would be, smaller and 16 feet wide, but it would also be mobile. So I think the concept that they are totally different, the building construction methods are different, and I think we are moving away from that considerably and it is coming closer to being one and the same. Thank you.

MR. SPEAKER: Final supplementary, Mrs. Groenewegen.

Supplementary To Question 118-15(3): Mobile Homes Versus Stick Built Homes

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, that is an interesting amount of detail for a tender that went out with no specifications. Mr. Speaker, I think it would be safe for the Minister to assume that the construction technique is somewhat different for mobile home units. I am responding to this because of the response to Mr. Villeneuve. It kind of suggested that somehow mobile homes are substandard. They are not substandard, but they are different. Life expectancy on a mobile home could be half of that of a normal stick built home, and that is just an industry knowledge that is understood. For example, the ability to insure mobile homes is quite different than stick built homes. So it goes to that point, and I just hope that all of these, and I had asked the Minister, if all of these variables have been considered in terms of investing taxpayers' dollars in these quick-fix market units. We may say they are cheaper than going with the stick built technique, but I want to know if the Minister has considered all of those things, the shorter life expectancy, the higher maintenance, the higher insurance costs, all of these other things. Thank you.

MR. SPEAKER: Minister responsible for the Housing Corporation, Mr. McLeod.

Further Return To Question 118-15(3): Mobile Homes Versus Stick Built Homes

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, yes we have made a lot of estimations on these units. We recognize they are not the same as a house. That is something that I didn't mean to indicate, that they are one and the same. There was a reference made that they are substandard for accommodations and that is the point that I was trying to make, that many people are residing in mobile homes across the North and they take pride in these units. We have looked at and realize that there are cost factors, and that is one of the reasons that we've gone to a mobile home. They may be a little bit more expensive to heat, and the lifespan is different. We recognize those things and we've taken those things into consideration. However, it is our goal to provide housing in the communities, as we have said many times, to respond to the public outcry in the Deh Cho, the Beaufort-Delta, the Sahtu, Nahendeh, and this is what we are putting forward. Thank you.

MR. SPEAKER: Item 6, oral questions. Mr. Allen.

MR. ALLEN: Thank you, Mr. Speaker. I just received a letter from the Inuvik alcohol committee with regard to Turning Point. I just want to ask the Minister of Health and Social Services if he can give this House an update as to the status of Turning Point as it relates to the alcohol and drug program, as well as the facility for the homeless. Thank you, Mr. Speaker.

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

HON. MICHAEL MILTENBERGER: Thank you, Mr. Speaker. If I could ask the Member to repeat the last part of the question, I didn't catch it as he was sitting down. Thank you. I'll get my earpiece out here.

MR. SPEAKER: Mr. Allen, could you repeat your question? You will not lose any of your supplementaries.

Question 119-15(3): Status Of Turning Point Facilities In Inuvik

MR. ALLEN: Thank you, Mr. Speaker. I'll rephrase my question and put it in one sentence. Would the Minister update this Assembly on the status of the Turning Point facilities that relate to his alcohol and drug programs and how it will affect the issue of homelessness in Inuvik? Thank you, Mr. Speaker.

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

Return To Question 119-15(3): Status Of Turning Point Facilities In Inuvik

HON. MICHAEL MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, my understanding is that as of today they are still operational and will continue to provide the services they do in both areas referenced by my colleague. Thank you.

MR. SPEAKER: Supplementary, Mr. Allen.

Supplementary To Question 119-15(3): Status Of Turning Point Facilities In Inuvik

MR. ALLEN: Thank you, Mr. Speaker. I'm going to make reference to the letter. They indicate that their funding to provide the essential services under the alcohol and drug program, as well as to help facilitate the issue of homelessness, has been withdrawn. I'm just going to ask the Minister if he would make a commitment to provide a detailed response to myself so I can convey that to the committee in Inuvik? Thank you, Mr. Speaker.

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

Further Return To Question 119-15(3): Status Of Turning Point Facilities In Inuvik

HON. MICHAEL MILTENBERGER: Thank you, Mr. Speaker. Mr. Speaker, I believe I saw the same letter that the Member did just before I came into the House this afternoon, and I've indicated to the staff that I want to talk to the deputy minister about the situation there and get briefed so that we can ensure that there is no diminishment of services in the community, and that we're flexible enough to accommodate the program deliveries that are in that particular situation. Thank you.

MR. SPEAKER: The time for oral questions has expired. Item 7, written questions. Mr. Yakeleya.

ITEM 7: WRITTEN QUESTIONS

Written Question 15-15(3): Implementation Of The Sahtu And Dene Metis Aboriginal Land Claims

MR. YAKELEYA: Thank you, Mr. Speaker. My written question is for the Minister of Aboriginal Affairs.

Can the Minister of Aboriginal Affairs provide the following information on the progress and tracking of the implementation process of the Sahtu Dene and Metis comprehensive land claim (1993), specifically the chapter on economic measures?

1. Has the Ministry of Aboriginal Affairs conducted any reviews of the economic measures chapters of other settled land claims in the Northwest Territories?
2. What, if any, report did the ministry have that provided a "report card" for the GNWT's role in implementing their part of the agreement under the land claim document?
3. How much of the economic measures items have been implemented in the settled land claims area?

Thank you.

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

Written Question 16-15(3): Reclamation Standards For Con Mine Leases

MR. BRADEN: Thank you, Mr. Speaker. I have a written question for the Minister of Municipal and Community Affairs.

In the Miramar Con Mine leases, the specified reclamation standard which the leaseholder must achieve is, "the land must be returned in a condition satisfactory to the Commissioner."

1. Will the Minister recommend other than "industrial standards" for land that may be used for residential areas?
2. Will the Minister consult with the City of Yellowknife in the determination of reclamation standards?

Thank you, Mr. Speaker.

MR. SPEAKER: Item 7, written questions. Item 8, returns to written questions. Minister of Municipal and Community Affairs, Mr. Zoe.

ITEM 8: RETURNS TO WRITTEN QUESTIONS

Return To Written Question 9-15(3): Reclamation Of Miramar Con Mine

HON. HENRY ZOE: Mr. Speaker, I have a return to written question asked by Mr. Braden on March 24, 2004, regarding reclamation of Miramar Con Mine. Mr. Braden asked if there is a specified reclamation standard in the Con Mine leases that the leaseholder must achieve. The leases require Miramar Con Mine to prepare a restoration plan dealing with, among other things, the removal of buildings and structures on the property, roads, and the land in general. The plan is to be prepared with the objective of restoring the land to an environmentally-safe and reusable condition, to the satisfaction of the deputy

minister of Municipal and Community Affairs. In determining what constitutes an environmentally-safe and reusable condition, the department refers to existing standards and guidelines under territorial and federal legislation.

Miramar Con Mine has five leases with varying termination dates. The lease on the Rat Lake parcel expires in 2006. The leases on Tin Can Hill and Armstrong Island expire in 2011. The leases on the mine site and the town site both expire in 2021. The leases require that a restoration plan for the parcels be submitted to the deputy minister of Municipal and Community Affairs approximately two years prior to the expiration date of each of the leases. Municipal and Community Affairs is working through the process established by the Mackenzie Valley Land and Water Board to arrive at one abandonment and restoration plan satisfactory to all regulatory bodies.

The department has deemed that the draft abandonment and restoration plan, submitted by Miramar Con Mine as required under their federal water licence to the Mackenzie Valley Land and Water Board in March 2003, is an acceptable format for the restoration plan that is required to be submitted under the leases. Municipal and Community Affairs participates on the technical working group that is currently reviewing the draft Miramar Con Mine abandonment and restoration plan and intends to adopt the draft abandonment and restoration plan once it has been finalized and approved by the Mackenzie Valley Land and Water Board, provided it meets the test of environmentally safe and reusable as required under the leases.

Mr. Braden further asked if the leases permit the Minister to set or alter the standards of reclamation that Miramar Con Mine must meet. The answer is yes. The deputy minister has the authority to direct Miramar Con Mine to revise the restoration plan. This process is ongoing and being monitored through Municipal and Community Affairs' participation on the technical working group, chaired by the Mackenzie Valley Land and Water Board, and which is currently reviewing Miramar Con Mine's draft abandonment and restoration plan.

Finally, Mr. Braden asked if the reclamation standards are not achieved by Miramar Con Mine what remedies are available to the Minister to have the necessary work carried out. The deputy minister can order the restoration of all or any part of the property and any expenses incurred by the deputy minister in doing so would be recovered from Miramar Con Mine as a debt due to the Commissioner of the Northwest Territories. The deputy minister's authority to order the restoration of all or any part of the property, should Miramar Con Mine fail to do so, is contained in the Commissioner's Land Act and regulations. Thank you, Mr. Speaker.

MR. SPEAKER: Item 8, returns to written questions. Item 9, replies to opening address. Item 10, petitions. Item 11, reports of standing and special committees. Item 12, report of committees on the review of bills. Item 13, tabling of documents. Mr. Dent.

ITEM 13: TABLING OF DOCUMENTS

Tabled Document 22-15(3): Report And Recommendations Of The NWT Judicial Remuneration Commission, March 2, 2004

HON. CHARLES DENT: Thank you, Mr. Speaker. Mr. Speaker, I have two documents to table. First I wish to table the following document entitled Report and Recommendations of the NWT Judicial Remuneration Commission, dated March 2, 2004.

Tabled Document 23-15(3): Labour Standards Board Annual Report For The Years April 1, 1996 to March 31, 2003

Mr. Speaker, I'd also like to table the document entitled Labour Standards Board Annual Report for the Years April 1, 1996 to March 31, 2003. Thank you, Mr. Speaker.

MR. SPEAKER: Item 14, tabling of documents. Mr. McLeod.

Tabled Document 24-15(3): Environmental Rights Act 2002-2003 Annual Report

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, I wish to table the following document entitled Environmental Rights Act, 2002-2003 Annual Report. Thank you, Mr. Speaker.

Tabled Document 25-15(3): Cultural Enhancement Of The Northwest Territories Legislative Assembly Building And Grounds

MR. SPEAKER: I wish to table a report entitled Cultural Enhancement of the Northwest Territories Legislative Assembly Building and Grounds, prepared by Outcrop Communications Ltd. for the Legislative Assembly in April 2003.

Tabled Document 26-15(3): Statutory Declarations Of Residence For Those Members Seeking Reimbursement For Their Capital Accommodations

Pursuant to section 19(b) of the Legislative Assembly and Executive Council Act, indemnities, allowances and expenses regulations, I wish to table a statutory declaration of residents of those Members of the Legislative Assembly of the NWT who are seeking reimbursement for their capital accommodation pursuant to section 24(1) of the Legislative Assembly and Executive Council Act for the fiscal year 2003-2004.

Item 13, tabling of documents. Item 14, notices of motion. Item 15, notices of motion for first reading of bills. Item 16, motions. Item 17, first reading of bills. Mr. Roland.

ITEM 17: FIRST READING OF BILLS

Bill 6: An Act To Amend The Payroll Tax Act, 1993 And The Income Tax Act

HON. FLOYD ROLAND: Thank you, Mr. Speaker. I move, seconded by the honourable Member for Thebacha, that Bill 6, an Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act, be read for the first time. Thank you, Mr. Speaker.

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

AN HON. MEMBER: Question.

MR. SPEAKER: Question has been called. All those in favour? All those opposed? The motion is carried.

---Carried

Bill 6 has had first reading. Item 17, first reading of bills. Item 18, second reading of bills. Mr. Zoe.

ITEM 18: SECOND READING OF BILLS

Bill 5: Tlicho Community Government Act

HON. HENRY ZOE: Thank you, Mr. Speaker. I move seconded by the honourable Member for Thebacha, that Bill 5, Tlicho Community Government Act, be read for the second time.

Mr. Speaker, this bill gives effect to chapter 8 of the Tlicho agreement relating to Tlicho community governments. It establishes the community governments of Behchoko, Wha Ti, Gameti and Wekweti and describes their boundaries. The provisions for community governance are modeled upon those set out in the proposed statutes included as schedules to Bill 25, the Municipal Statutes Replacement Act, through variances due to results from the Tlicho agreement.

This bill provides for transitional matters, including the initial composition of the council of each community government, the first election of council members, the establishment of initial land administration by-laws which will govern upon establishment of a community government and the statutes of by-laws, contracts, rights and obligations of the Hamlet of Rae-Edzo and the Charter Community of Wha Ti. Consequential amendments are provided for and a sequential coming into force regime is established with specified provisions coming into force on assent and the remainder coming into force on the effective date of the Tlicho agreement. Thank you, Mr. Speaker.

MR. SPEAKER: The motion is in order. 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 carried.

---Carried

Bill 5 has received second reading and accordingly the bill is referred to committee.

Item 18, second reading of bills. Item 19, consideration in Committee of the Whole of bills and other matters: Bill 2, An Act to Amend the Income Tax Act; Bill 3, An Act to Amend the Income Tax Act, No. 2; and, Bill 4, Supplementary Appropriation Act, No. 3, 2003-2004. By the authority given to the Speaker by Motion 2-15(3), the House is resolved into Committee of the Whole to sit beyond the time of adjournment until the committee is prepared to report, with Mrs. Groenewegen in the chair.

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

CHAIRPERSON (Mrs. Groenewegen): We are dealing with Bill 2. I want to ask Mr. Roland if you would like to introduce the bill.

HON. FLOYD ROLAND: Thank you for the opportunity to present Bill 2, An Act to Amend the Income Tax Act.

Two weeks ago, in my budget address, I announced increases to personal income tax rates for higher income individuals, an increase to the corporate income tax rate for large corporations, and an increase to the payroll tax. The bill before you is necessary to implement the first these measures. Bill 2 would increase our corporate income tax rate for large corporations from 12 to 14 percent effective January 1, 2004.

This measure will be effective in 2004. Because of this, we need to advise the federal Minister of National Revenue of our new rates before April 15th of this year so that they can be administered by the Canada Revenue Agency. In order for this change to be implemented, this bill needs to be passed in this sitting of the Assembly.

As I stated in the budget speech on March 17th, this measure is part of a package of revenue and spending measures necessary to meet our target of a balanced budget in 2006-07. As I announced in the Assembly last week, the federal Minister of Finance has agreed to postpone rebasing the formula financing tax effort factor for the grant by one year. This change, along with the other spending and revenue measures announced last week, will allow us to achieve a balanced budget in 2004-05.

However, this federal measure, while welcome, only postpones our deficit for one year. We still need to make the spending and revenue changes outlined in the budget in order to balance our budget by 2006-07. We still face the debt wall in two years. The tax changes I announced are still necessary.

The change in our corporate income tax rate from 12 percent to 14 percent is expected to raise \$8 million in 2004-05, and similar amounts in future years. As I stated last week, when the formula financing tax effort factor is rebased, we will actually lose revenue on a net basis. An extra \$12 million in revenue at the 12 percent rate would lose \$12.8 million on the grant. Rebasing has only been postponed one year, until 2005-06. Unless we can develop alternatives to the current approach to tax, we must work on the assumption that rebasing will go ahead.

Some Members raised concerns about the loss of our competitive position on corporate income tax rates, and have asked what this might mean for corporate tax filings in the NWT.

However, even at a rate of 12 percent, we would be unlikely to receive any tax windfalls similar to those received in the past, since Alberta is scheduled to reduce its corporate tax rate to 11.5 percent on April 1st. We could not afford to compete with Alberta and lower our rate to 11 percent. At that tax rate, increases in our tax base would cost us even more in net revenue losses.

This measure is necessary for our long-term fiscal stability, and I strongly believe that our government's

balanced approach to tackling our fiscal challenges, that is spending reallocations and revenue initiatives was well received by the federal government, who saw we were not relying only on increased federal support, but were prepared to take measures to deal with these challenges ourselves.

Mr. Chairman, I would be pleased to answer any questions the committee has on this measure. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Roland. At this time, I would like to ask Mr. Hawkins if he would like to read the report of the review done by the Standing Committee and Oversight Committee on Bill 2. Mr. Hawkins.

MR. HAWKINS: Thank you, Madam Chair. The Standing Committee on Accountability and Oversight conducted public reviews of Bill 2, An Act to Amend the Income Tax Act, on March 25 and 26, 2004. The committee would like to thank all the witnesses for their submissions which were made on very short notice. The committee would also like to thank the Minister and his staff for presenting the bill.

The committee was very concerned about the short amount of time allowed for the public to review and respond to this bill. Members appreciate that there were special circumstances in this case due to the recent territorial election which did not allow time for the usual opportunity to review and discuss draft business plans in advance for considering the budget. Further, the government is required to notify the federal Minister of National Revenue of changes to tax rates before April 15, 2004.

The committee wishes to put the government on notice that it will now allow short timeframes for public review to become the ordinary course of business for the 15th Assembly. The Minister acknowledged the concern and advised that he will endeavour to bring initiatives before the committee in a more timely manner in the future. Members expect the rest of Cabinet to adhere to the same standard.

Bill 2 proposes to raise the large corporate tax rate from 12 percent to 15 percent beginning with the 2004 tax year. Committee heard opposition to Bill 2 from Mr. David Connelly of the Yellowknife Chamber of Commerce, Mr. Mike Vaydik of the NWT and Nunavut Chamber of Mines, and Mr. Dave Tucker of the NWT Construction Association. All three presenters voiced concerns about the increase to the already high cost of doing business in the North and the impact it may have on the northern economy and businesses. The witnesses rightly pointed out that the business contributes a great deal to the North through jobs, training and spending. They also warn that the increase to the tax rate may encourage some businesses to rearrange their affairs in order to file some of the income in other jurisdictions with lower tax rates.

In contrast, the committee heard support for Bill 2 from a representative of Alternatives North from Ms. Suzette Montrieul. Alternatives North does not believe the proposed tax increase is unreasonable and considers maintaining the GNWT's social programs to be more important than maintaining low tax rates. Ms. Montrieul pointed to a recent survey by the Centre for Research and Information on Canada that suggested most Canadians,

including northerners, consider money for social programs like education and health care a higher priority than cutting taxes or reducing debt. Ms. Montrieul also pointed out that even with the increase to 14 percent, the NWT will still have the fifth-lowest large corporate tax rate in Canada. Further, unlike most other Canadian jurisdictions, the NWT does not have a tax on capital. As Ms. Montrieul stated, the NWT cannot hope to compete with its neighbour, Alberta, which is able to maintain lower tax rates as a result of the substantial oil and gas royalties it enjoys.

The committee finds it regrettable that the current fiscal situation has resulted in the government bringing this tax increase forward, however Members agree with Ms. Montrieul that maintaining social programs is the priority. The reality is that if corporate taxes remain at 12 percent, the GNWT will suffer a net loss as a result of the formula Canada uses to calculate its grant to the GNWT if the federal government does not change its approach in the next year. Members, therefore, believe that an increase is unavoidable.

Members wholeheartedly agree with Mr. Connelly, Mr. Vaydik and Mr. Tucker that the underlying issue is our formula financing agreement with Ottawa which is, as Mr. Vaydik stated, "ridiculous." All three witnesses offered their assistance in working with the GNWT to lobby Ottawa for a reasonable formula. The committee strongly encourages the government to take them up on this generous offer.

This concludes the committee's opening comments on Bill 2. Individual Members may have additional questions or comments as we proceed. Following the committee's review, a motion was carried to report Bill 2, An Act to Amend the Income Tax Act, to the Assembly as ready for Committee of the Whole. Thank you, Madam Chair.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Hawkins. I would like to ask the Minister if he would like to bring in witnesses for consideration of this bill.

HON. FLOYD ROLAND: Thank you, Madam Chair. Yes, I would.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Roland. Does the committee agree?

SOME HON. MEMBERS: Agreed.

CHAIRPERSON (Mrs. Groenewegen): Thank you. I will ask the Sergeant-at-Arms to escort the witnesses to the witness table.

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

HON. FLOYD ROLAND: Thank you, Madam Chair. To my immediate left is justice representative Rebecca Veinott; to my immediate right is Deputy Minister Margaret Melhorn; and further to my right is Mr. Gerry Gagnon, director of tax policy.

CHAIRPERSON (Mrs. Groenewegen): Are there any general comments on Bill 2? Mr. Allen.

MR. ALLEN: Thank you, Madam Chair. I want to exercise my right to speak to the bill. I think it's not only important for the Minister to be concerned, but myself as well that there are potential negative impacts that may

occur in our idea of industrialization in the Mackenzie Delta/Beaufort. I am not going to speak against the bill, but highlight some of the important points I have been making the last few weeks in trying to look at different tax initiatives that would help facilitate the investment we need in the Northwest Territories.

Again if I could bundle it all up together, I'm still concerned that with the way the federal government is treating us, that it still becomes one of several sovereignty issues that should be raised by this Assembly throughout the course of our tenure.

Madam Chair, also I want to make reference to the open letter that was submitted to the Honourable Joe Handley and the Honourable Floyd Roland, Minister of Finance, by the Canadian Federation of Independent Business which really establishes some of my rationale in supporting and trying to see if can attract great investment to the North through a number of different mechanisms. One of the things that interested me is they suggest perhaps eliminating the whole issue of the corporate tax or lowering it even further would go a long way in attracting greater investment to the North who, in turn, would pay more territorial income and property taxes. I ask the basic question: Has the Government of the Northwest Territories considered eliminating corporate tax as an alternative to the perverse calculation of the tax factor?

Another analysis that was provided says here, "Lowering corporate income tax is one of the best ways to allow firms to retain more of their earnings, that they can feed back into the NWT coming through new investment, jobs, lower prices, creating a more sustainable and diversified economy." That's the point I'm trying to make, Madam Chair, in asking the Minister and his Cabinet colleagues if they would take a look at some of these different tax initiatives and use some imagination to that effect and see if we could use that process to encourage economic and business investment in the Northwest Territories, rather than having to always look at tax initiatives to raise revenue.

It concerns me simply because at some point we're going to hit a threshold where you won't be able to afford to sustain social program costs, unless you continue to increase taxes. That's my concern in the long term, is if you don't address and readdress our expenditure problems, then I don't think we have the ability if I was to follow your chronology of events and your many different statements to that effect, Madam Chair. Not that I'm opposing your tax initiative, but I'm always trying to encourage looking at other ways to try to raise new levels of investment in the North and the way we do it. I think that's the key here. How do we continue to ask industry to come north if we continue to go against what we call the economic freedom and prosperity and allowing different industries to come north and invest in exploration and a number of other things?

Another thing that rightly concerns myself and the people who advise me accordingly is the fact that we should try to work on skill development, and I raise this in the context of an article that was in the Edmonton Journal. I think we need to combine some kind of a corporate tax culture with education and trying to produce our own skilled labour force. I think if we don't do that, then somewhere along the line, it will impact upon your ability to increase the payroll tax, and that's certainly one of the things we can

somehow at this moment or in the very near future give further thought to.

One other thing I would like to do is speak briefly to having this mandate built into the joint parkland committees so we have some idea of what we're going to do in the long term. Certainly my idea is to work with yourselves in trying to develop a system where rewarding spending money in the territory should be afforded to all levels of industry, whether it be diamonds, oil and gas, or the...(inaudible)...sector.

One last comment I would like to make, Madam Chair, in the context of this bill, I still think we need to look at a tax credit versus one where we offer grants and other tax incentives to try to promote our northern economy. With that, Madam Chair, I want to thank you for allowing me to speak to the bill. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Allen. Those were general comments. I didn't hear any questions there, so I will proceed to Mr. Braden, then after Mr. Braden I have Mr. Ramsay next on the list. Mr. Braden.

MR. BRADEN: Thank you, Madam Chair. I have a couple of comments and a question. I would start by saying that I'm speaking in favour of the bill. I think it's predictable, Madam Chair, that in the context of a tax bill I can't say that I'm speaking with enthusiasm, but as the Minister and his officials have explained to committee and in public forums in the last while, the circumstances around increasing the corporate tax rate is fairly straightforward. At least in part due to some of the factors outside of our control; what happens in other parts of Canada and as a consequence of the rather weird and convoluted formula financing deal with have with Ottawa, we are essentially compelled to do something in order to stem what really amounts to a net loss because of the 12 percent rate.

It has been brought to our attention that it was a couple or three years ago that we actually did the reverse here in this Assembly. I think we had a tax rate that was at 14 percent and we dropped it to 12, because circumstances at the time indicated that it was a good thing to do.

CHAIRPERSON (Mrs. Groenewegen): Could I ask the Members of Cabinet to take their visiting and revelry outside of the Chamber so that we can hear Mr. Braden's comments.

---Applause

Thank you. Mr. Braden, sorry to interrupt you, please continue.

MR. BRADEN: Thank you, Madam Chair. So now we have other information, other circumstances, and even though it's only the space of a couple of years we are, I feel, compelled to reverse that situation and go with the 14 percent rate.

I've said it several times before and it's a message, I think, that's worth repeating. Anything that our government does to increase the cost of living or the cost of doing business in the NWT has to be considered very, very carefully. There are so many other cost drivers here that we have no control over that put the crimp on people, on their families and on their businesses, that anything like

this has to be looked at with extreme care. I think again in this case we have done so. I know in the case of a business that's going to be charged more, that may not look like a very good reason. But as one of the MLAs sitting here looking at how we are managing our overall situation, this seems a realistic thing to do.

I would like to see if I could, for the public record, bring out a bit more information that may help me comprehend this a bit better and perhaps some people in the public too. The rate that we're setting here affects the large corporate taxpayer. Could the Minister or his officials define that, especially in the context of what then is a small taxpayer or the other tax levels here? What I want to do is try to bring a little bit of light to the situation where if people are running a small business out there, what is small, are they going to be captured in this. Just where is the cut-off for enterprises in the NWT who will be affected by this? Thank you, Madam Chair.

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

HON. FLOYD ROLAND: Thank you, Madam Chair. The Member is right; this increase is for the large corporate taxpayer. The small corporate tax rate is unchanged, at four percent. That includes companies that have a taxable income of \$250,000 for the year 2004-05. That rate is actually moving up to \$300,000 in 2005-06. Thank you.

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

MR. BRADEN: Thank you. So at four percent, and this is taxable income, this is not sales, this is after everything else if you have a so-called profit, and will be moving up to \$300,000 at a four percent rate. How competitive is that four percent rate? I know this isn't to the bill, Madam Chair, but I would just like a bit of information. How does the NWT rack up at four percent for a small business tax rate? Thank you.

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

HON. FLOYD ROLAND: Thank you, Madam Chair. We are a little bit better than middle of the pack, when you take a comparison to other jurisdictions. There is one at 4.5, one at three percent, and we're at four. I think there are only actually three lower than us in the small corporate tax area. I'm corrected: two. So we're third lowest in the small corporate tax area. Thank you.

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

MR. BRADEN: How many corporations do we anticipate will be captured in this as large corporate taxpayers? Thank you, Madam Chair.

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

HON. FLOYD ROLAND: Thank you, Madam Chair. I'll have Ms. Melhorn give you that detail.

CHAIRPERSON (Mrs. Groenewegen): Ms. Melhorn.

MS. MELHORN: Thank you, Madam Chair. There will be about 500 corporations affected by this change. The vast

majority of those are large corporations which are operating across Canada and who have some Northwest Territories income which is subject to NWT tax.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Ms. Melhorn. Mr. Braden.

MR. BRADEN: That's all for now. I may have other questions later on but thank you, Madam Chair, that's all.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Braden. General comments, Bill 2. Mr. Ramsay.

MR. RAMSAY: Thank you, Madam Chair. I will start out my general comments and I might have a question or two in here. I'm going to start off with stating the obvious, and that is I'm a new Member, as everybody knows, and I almost feel like I've inherited something that really I haven't had my fingertips on. I haven't had the benefit of going through a full budget cycle, I haven't had the opportunity to go through a business planning cycle, and I must say that I do not agree with the increase to 14 percent on the corporate income tax. I agree with the three of the four presenters at the committee meeting the other day who spoke against this corporate income tax increase from 12 to 14 percent. When Mr. Vaydik was there, he used the word "ridiculous," Madam Chair, and I think along the same lines. I think our fiscal arrangement with Ottawa borders on the insane. I don't understand how we operate as a government under those kinds of circumstances and all these different sorts of formula financing agreements and this tax and that tax, and if we have new tax initiatives they claw back 80 cents on the dollar. I mean it's very, very confusing and it's no way to run a government.

I would encourage the Minister and give him my full support on any new type of fiscal responsibility, legislation that this government wants to enact. Thankfully we got the \$50 million one-time money last week to erase the deficit, but I can't for the life of me understand how a government in today's day and age operates in a deficit situation. That just should not be allowed to happen. There should be legislation enacted, hopefully by this government, that does not allow that to happen. It's just not a good way to run a government.

The thing I would support, Madam Chairperson, is maybe something in the middle. As much as I try to wrap my head around this, if we keep the corporate income tax rate at 12 percent we're going to be actually losing money. That makes not a whole heck of a lot of sense to me and anybody out there who's paying attention. But to take it to 14 percent I think is not the right thing to do. I do believe that the cost of doing business in the Northwest Territories, as everyone knows, power rates, utilities of all sorts are very, very expensive. We want to attract business to the Northwest Territories, we want to keep the business we have in the Northwest Territories. We don't want to send a message out there that it's going to cost people even more to do business in the Northwest Territories, and by raising it to 14 percent I think we send that message and we send it very strongly.

What I would agree with, if I have a chance later, would be to come to some sort of compromise on this and maybe look at a rate somewhere between 12 and 13 percent, or 13.5 even. But I really don't think the government has done enough to overturn every rock, to look at its spending habits. Here we are inheriting a budget from the

last government, which by all accounts spent money -- and I believe it was quoted by a few Members of the last government and I believe the Finance Minister -- like drunken sailors. That's exactly what happened, and here we are today trying to pay the bills back and now we're looking at tax initiatives coming out of the pockets of businesses and later on, Madam Chairperson, out of the pockets of residents of the Northwest Territories. We're trying to attract people here, we not trying to discourage people from living here or doing business here. So I can't in any way support this.

I'll turn to the specific revenue options that the Minister brought to us on February 13th and I'll quote from that, "By increasing the rate to two percent, this would ensure the GNWT benefit from tax base increases but would provide NWT corporations with a great incentive to rearrange their affairs to allocate income in other jurisdictions." By the Minister's own staff, they realize that we may lose businesses in the way they allocate their income. To me, it just doesn't make a whole lot of sense. I think if we are going to do this in an effort to at least not lose any more money to Ottawa, we go with somewhere in between; one percent, 1.5 percent. I think that's about all I had for my comments on this. I may be in the chair later, but if I had an opportunity to vote on this, I would vote against it. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Ramsay. I have on the list for general comments Mr. Menicoche, Mr. Hawkins and Ms. Lee. Mr. Menicoche.

MR. MENICOCHÉ: Thank you, Madam Chair. I am in favour of raising the rate, but there is one thing in the Minister's opening statement that kind of interested me about developing alternatives to the current approach to the tax effort. I was just wondering what the Minister meant with that. Sometimes I get the feeling that it's up to us to come with unique solutions to our fiscal problems, but perhaps the government is going to have to do their own thinking as well. I'm just wondering if there are some alternatives that they have been contemplating, Madam Chair.

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

HON. FLOYD ROLAND: Thank you, Madam Chair. The current approach on the tax effort, as we've stated and stated to the federal government and put our arguments forward on is that it's not working in the Northwest Territories. Looking at alternative approaches is what we've been pursuing with Finance Canada, and we have had that agreement now with the news from Minister Goodale that they would forego that rebasing exercise for one year, and allow us that one year to come up with some work on the tax effort factor. We are starting to look at how we can develop something different than what is there now and, of course, that also goes back to the federal government in getting their agreement that what we have developed is workable. So we are beginning some work in that area. It is still in the early days, but we know we have got to get down to business and have that work done so we will have a lot of time to have it gone over by the federal Department of Finance and get some agreement on it. Thank you.

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

MR. MENICOCHÉ: Thank you, Madam Chair. I think one of the things when we were contemplating this early in our term here was that I had thought that when we suggested the two percent increase to the corporate income tax it would have helped us alleviate the personal income tax increase, which is something else I am going to have to think about later. Is it true that we are only going to be expecting to raise \$8 million per annum with the two percent increase to our corporate income tax?

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

HON. FLOYD ROLAND: Thank you, Madam Chair. Yes, with two percent, based on our estimates we would raise \$8 million on an annual basis. Thank you.

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

MR. MENICOCHÉ: Thank you, Madam Chair. Does the Minister have the answer to the question previously when the tax rate was at 14 percent, what was our revenue from the corporate income taxes?

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

HON. FLOYD ROLAND: Thank you, Madam Chair. Madam Chair, the way our corporate tax situation works it is quite volatile if you do have investors who would choose to invest their earnings in the Northwest Territories, and that happened previously. In fact, there were two filings done in the Northwest Territories while we were at the 14 percent rate, and that is good news that we had filings there, but it also has caused us some problems going forward because of the way corporate taxes are paid to the GNWT from the federal government. So we could look at 2002-03, and 2000-01 to give you some accurate figures, but again, those figures can change quite radically based on who decides to file in the Northwest Territories on investment income. We do have what we feel is a track record of those who are fairly consistent and not have those huge spikes. I don't have the exact dollars of those years in my hands right now. Thank you.

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

MR. MENICOCHÉ: No more questions, Madam Chair. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Menicoche. I have Mr. Hawkins, Ms. Lee, Mr. Yakeleya, and Mr. Pokiak. Mr. Hawkins.

MR. HAWKINS: Thank you, Madam Chair. This budget, or I should say deficit, has been compared to an inheritance problem. I guess we could blame the 14th Assembly until we are blue in the face, but unfortunately we can't give back this deficit issue. I would love to say thanks but no thanks, but I am having a difficult time exactly which way I am going to go. I mean I look at the struggle wherein if we don't raise it we are going to lose more money. So I think of the struggle as Canada has got a noose around our neck, and the more we struggle by trying to be competitive, the tighter it gets, and it hurts. So being competitive actually kills us I guess at the end of the day. That doesn't help any of us. Our real fight is with Ottawa and not with each other on this initiative. I am still

struggling because in my methodology of life I really believe that we have to look at ourselves first because we are here to manage the public purse, and the question to myself is have we managed ourselves to the best job that we could? To some degree I see that people are taking a healthy look at ourselves, but the one thing I will say with the 14th Legislative Assembly is the fact that they knew this was coming a lot sooner than I knew that this was coming. That being said, I only got elected a few months ago, but they saw this horizon long before I did. What bothers me most is I think necessary steps could have been put in place, actions could have moved forward at that rate and at least helped us set up for the 15th Assembly. So back to my inheritance problem, I think the people who have endowed us with this legacy, I think we were very unlucky, they weren't really our friends. At the end of the day I am still not impressed. I have yet to decide what I am going to do, and I will make my final decision by the end of the sitting today. Thank you, Madam Chair.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Hawkins. I didn't really hear any questions there. If the Minister is agreeable I will move on to Ms. Lee.

MS. LEE: Thank you, Madam Chair. Before I do my general comments I would like to pose a question to the Minister first. These questions were asked before, but I wasn't clear about the answers. We know that the corporate tax was reduced in the last Assembly. Could I just get confirmation as to whether or not it went from 14 percent to 12 percent, or did it go from 13 percent to 12 percent? Thank you.

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

HON. FLOYD ROLAND: Thank you, Madam Chair. It went from 14 percent to 12 percent.

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

MS. LEE: Thank you, Madam Chair. I just want to offer some general comments. I can understand, and I appreciate this debate that we are having and I am listening to what the Members are saying. I am a returning Member, but I think from my experience of having sat through four budgets, and argued the points here for the last four years, if it has taught me anything it is that I cannot accept all of the information that the government feeds us at face value. I don't mean to imply that the Ministers somehow hide their information or anything like that, it is just the fact that our consensus system of government is set up in such a way that it really puts the regular Members on this side in a disadvantaged position. We do not have the machinery of the department, and the Department of Finance, and economists, and accountants who do these numbers.

In the last Assembly there was definitely -- and I don't want to go back there -- but I think it is important to what we are doing here, and my point is I feel like I was on a ride in the last Assembly where it was let's just spend and spend our way into utopia. There was probably all of the same factors that we have now, our fiscal relationship with Ottawa, dealing with our social programs, social issues, the need to build up infrastructure, all of that was all put in a positive light. So we were on a spending spree. Now we have an Assembly and a Cabinet that seems to be on

the other extreme. My position is that I refuse to get on this bandwagon. I don't want to go on a spending spree, and I don't want to go on this fiscally conservative, cut the budget and raise the taxes all at the same time regardless of what is going on. I refuse to go on that ride.

I have a question on the process too. I share the same view as many Members here who feel they have been disadvantaged for not having gone through the business planning process, and the fact that this taxation is being introduced in the first four months of this government. I really believe we have not had a chance as a new Assembly and new government to look at the whole business planning process and make sound judgments and observations about how we are spending our money. If at the end of that process I am provided with the information that convinces me that we have no way to go but to raise taxes, cut the spending because we have to meet the deficit requirement or whatever, then I am prepared to do that. At this point we do not have that information. For the life of me, I don't understand how in the last Assembly at 14 percent we had two windfalls, there were corporations that filed corporate tax in the amount of many millions of dollars at 14 percent, which tells me we didn't have to reduce the rate to attract anything. We reduced it to 12 percent and we were sold on that. Now, two years later, we have to put it back to 14 percent because we have been hit hard. Not only have we had to give back every cent we got on this windfall, wherever it came from, but then we are being penalized for the next hundred years.

I'm just not being fed the kind of information that I expect us to be fed and given as consensus government regular Members and I feel that I should have equal power and equal strength as any Cabinet who is over there because this is not party politics and they're not supposed to be operating like a party and saving their information and justifying and philosophizing and interpreting facts that suit their needs. For that reason I'm not prepared to go on this.

This is one of three series of taxation. It's not just corporate tax increases. We're looking at increases in our personal income tax, we're looking at increases in payroll tax, and I'm telling you, if at the end of all this at least one-year exercise we are convinced and I'm provided with evidence that suggests that we don't have any other option and we are faced with major cuts in social programs, then I'm prepared to accept that. But the time is not now for me.

Another point on the corporate tax is, I understand that at 12 percent we are losing money. I don't understand how we got there, but I understand that's where we are. To be responsible I think I have to do at least that which would give us a net gain position. We can't be losing money at a tax rate. So I'm prepared to go to 13 percent, but a two percent increase is a large amount and I'm not prepared to accept that yet. I think in the intervening two weeks that we've been here in this House we have had some extra money from the federal government. I know the Minister of Finance has told us many times that it's not a long-term solution. Well, we operate under a financial arrangement and negotiation situation where we cannot have that sort of long-term guarantee. I understand that and that needs to be fixed, but that's not to say that our situation will not be different next year. If I'm convinced after one full budget cycle that we still need to do this, then I'm prepared to do that, but I am not prepared to increase the corporate tax to 14 percent yet.

The second thing is I think we need to realize that the diamond mines which this taxation is really aimed at do contribute a lot to our economy. They pay millions in fuel taxes that goes on the road. They pay millions of dollars on fuel taxes for the fuel they use on their site. They are going to be the main contributor to the bridge project that we are building on the Mackenzie River. They do contribute millions in the way of socioeconomic agreements that they have entered into with the First Nations. I want to make sure that in whatever I do in this House that I am prudent in dealing with their corporate income as I would any other income, Madam Chair.

For all the reasons I have stated, on the procedural side and on the substantive side, I am going to hold my position at 13 percent. I have suggested that. I don't know if I'm going to get that support. I am going to introduce a motion at the appropriate time. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Ms. Lee. Next on the list for general comments I have Mr. Yakeleya.

MR. YAKELEYA: Thank you, Madam Chair. As my honourable colleague Mr. Hawkins said, we just got elected into the government in November and we took the onus to skip the business plan to deal with the budget here. Being new to the House and the system and learning as we go, I think one of the things that I'd like to say is that we have something in front of us, let's deal with it. Good or bad, right or wrong, we have to deal with it. I knew that this government was going to be into a debt wall when I was running for Sahtu MLA and they told me about the debt wall and how would you deal with it. I never really gave it much thought. I thought we'd deal with it as a group here. How serious the debt wall was and the other good things I'm learning now. It seems to be that we're going through a growing stage and proving ourselves to the federal government that we can handle our finances, we can take care of ourselves. I think it's how the federal government views the Government of the Northwest Territories and the people of the North here in terms of becoming our own. It seems like we're going through this process here.

Mr. Roland indicated that January 2004 is when he wants to have the corporate tax in effect. That's 10 months from now. From last year? Retroactive, sorry. Thank you, Mr. Villeneuve. Retroactive to last January.

He has some time to advise the national revenue agency by April 15th and he alluded to part of the package of revenue and expenditures and have a balanced budget by 2006-2007. We achieved that in 2004-2005, is my understanding. I'm very interested in hearing his strategy of postponing the rebasing for one year to see how we're going to deal with that. It has postponed our deficit for one year. Strategize how we're going to deal with the debt wall. He's talked about some possibilities of lost grants. If we went one way and the consequences went another way, we might lose some grant money; his development of alternatives to current approaches in terms of the tax effort, in terms of the rebasing.

In saying all this, it's still necessary to achieve long-term fiscal stability in the North here, so I think for myself that, taking a sober look at our finances, I dearly look to spend in the Northwest Territories and programs and services in the North here. However, that's not the case today. Today we have to be really conscious and sober up and say this

is what we have. We can't go in the dream world anymore and spend this and spend that. We put ourselves in there. Our responsibility as MLAs in here today is to look at the issues that we have in front of us. In order to get out of it I know, for me, it's going to require some discipline and some I want this and I want that, not today, maybe tomorrow. But if we're going to achieve some fiscal stability for this government, come to a balanced budget. I think that puts us in a better picture in terms of our children. They're going to be paying for our debt.

We have to prove to the federal government over and over that we can handle our finances. There are resources here that we can do it. We're stepping up to the plate here. It has taken us a long time here and I'm not going to say anything about the 13th and 14th assemblies, they did what they had to do. It's our turn now in the House, the 15th, to do what we have to do. A lot of people in the communities are looking forward to that.

I say to the corporations, if you want to do business in the Northwest Territories this is what it costs to do business in the Northwest Territories. They have financial planners. I bet they're right now in their boardrooms figuring out how to deal with this increase if it goes through; to figure out the deal with the tax increase. Any good business will have financial planners to deal with the taxes.

Just launch the resources in the Northwest Territories. With oil and gas coming potentially down the Mackenzie Valley, there are mines here. There is potential for that. This Northwest Territories is rich in minerals and resources. It would be ludicrous if the companies don't come to do business here. They will make double and triple what they're making. They're not going to leave this country. We have it up here. We have the resources and the federal government knows that, too. They want that gas down the Mackenzie Valley, they're going to do something. They want the mines to produce the diamonds, they'll do something.

Yesterday I went to Gameti and I flew over this country here. This land is rich. Good land. Big, you know. I think that for the corporate taxes they need to keep their money here. They need to support us. We're not going anywhere in the small communities. We're not going anywhere. We need the infrastructures in the communities. We need help. Look at those mines; they have gymnasiums and everything like that. In small communities we're still fighting for gymnasiums and recreation facilities and that. They have everything there. It's about time they start spending in our small communities and keep it here.

I don't mind, I'm in full support of the corporate taxes. Unless someone else convinces me otherwise that they're going to leave, they're not going to leave. Given that maybe we haven't done a good job in terms of providing information to the corporations in terms of the increases, that's how we come into this House here.

In saying that, Madam Chair, if this is what we have to do, then this is what we have to do. I spoke to some of the representatives from the Sahtu region and I talked about the initiatives that this federal government is looking at and they said if that's what we have to do, that's what we have to do. We'll pull through. It's not the first time. We've been here a long time. It's not the first time we're going to go through this.

I think in closing that the bigger picture is to let the federal government know that we really need to look at some of the other initiatives that this government is going to use in terms of how we're going to deal with the rebasing, how we're dealing with the deficit, the debt wall, and alternate approaches to our finances. I think that's what the community needs to know in terms of achieving a balanced budget. Madam Chair, that's more of a comment and more of my thoughts and thinking in regard to the Minister's opening comments. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Yakeleya. I have on the list now Mr. Pokiak and Mr. Villeneuve for general comments. Mr. Pokiak.

MR. POKIAK: Thank you, Madam Chair. I, like some of my colleagues here, being new to the process, it's been a struggle for us, I guess, in terms of how the process works. I've never dealt with the budgets before or with tax increases before. It's something new to me. But keeping in mind every time there's a proposal for tax increases, a lot of people raise their eyebrows and look around and say what's going on? In this instance, Madam Chair, we did have people come up to the public review and bring forward some of their concerns, especially the Yellowknife Chamber of Commerce, NWT and Nunavut Chamber of Mines and the NWT Construction Association. One comment that was made during the public review is that they may rearrange their affairs to find some of their income in other jurisdictions, which gives me concerns right now. Again, I think with regard to the proposal for the proposed change from 12 to 14 percent on the corporate income tax, I will be in support of that, Madam Chair, unless the Minister and his colleagues can find other alternatives for it. At this point in time I haven't had a chance to consider it. All I can say right now, at this time, Madam Chair, is that I am in support of the increase from 12 to 14 percent. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Pokiak. General comments. I have Mr. Villeneuve.

MR. VILLENEUVE: Thank you, Madam Chair. I have to concur with the other Members that on the short time that we've been allowed to review and respond to these taxation changes and I can appreciate the public's concerns with the changes as far as the Chamber of Commerce and the Construction Association are concerned.

Just to comment on some of the newer Members' concerns about the business plan review and such. I have to give some consideration to the government's staff that has probably reviewed a lot of the options that are being brought forward today in this committee with the concerns about lowering the change and perhaps going with 13 or 13.5 percent. I'm just going to give some consideration to the finance staff. I'm sure they've looked at all the possible options available and I'm sure they've come up with the best possible option to get the best possible return for the change that they are proposing at 14 percent.

I would say that being new Members, and saying we have to put some faith in the staff that they have and say they've probably already reviewed the possibilities and are going with the 14 percent because that's the best return for our buck. I know that it's gone from 12 to 14 percent, if it does go through today or tomorrow, and I know over the last two years it's gone from 14 to 12 percent and now two years later we want to look at going back to 14 percent. I

think there has to be some weight given to the circumstances surrounding the new change and I think a lot of the onus is on this government's ability to expedite the negotiations on our resource revenue and devolution negotiations at next week's meetings in Hay River. I think this government has to really listen to what the other aboriginal governments and northern leaders have to say as far as getting the process underway and getting some kind of agreement-in-principle in 2005 and probably implementation hopefully in 2006 or 2007. I think something like this tax change, which has been changed before in the last two years, could change again in another two years. Then who knows, we could be in competition with Alberta on having the lowest corporate tax rate by that time after some resource revenue and devolution agreements have been made.

But I don't think it's going out on a limb by this current change here that we're proposing and I don't think it will be detrimental to the survival of a lot of small businesses in the NWT and a lot of the large industries, for that matter. I think they've dug their heels into the NWT economy and definitely dug into the NWT resources and I think they're just willing to stay here for the long time and if we have to demand a little more return on their investments and a little more bucks to put into our social programs that they are basically one of the major contributors to the rising cost of our social programs and such that we have to meet these budget restraints with. I'm in full support of this change in Bill 2 to amend this taxation act and I think it's something this government could come back and review in two or three years when we actually have some agreements-in-principle so far as resource revenue and devolution are concerned.

On the other income tax initiatives, I think we have to give some consideration to the finance people in saying that they probably considered every option that is made available to them and how it will affect this government. I think we just have to have a little more faith, I guess that's hard to say, in our government because we're always running into budget restraints and deficit walls.

When the member from the public meeting was pertaining to overall in Canada we're still one of the lowest insofar as corporate tax of large corporations in Canada, I don't think that's a bad thing. I think it's something that we can live with and we could substantiate it with the oil and gas industries. I'm sure they can come to grips with it and realize that the amount of return they are getting out of our health and justice and education systems to work with them to get some programs and apprenticeships and training and all that going, they need the government to work alongside them and I think we can't do that and can't keep up with them without more dollars in the social aspect of our operation. I'd support this initiative. Thank you, Madam Chair.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Villeneuve. General comments. Mr. Delorey.

MR. DELOREY: Thank you, Madam Chair. Maybe I should just say I hate taxes.

SOME HON. MEMBERS: Hear, hear!

MR. DELOREY: I do hate taxes, but it has been mentioned a couple of times, some Members have mentioned coming together in this government and what we've adopted from the last government. It always

amazes me when I think back to when we came together as a 14th Legislative Assembly if we look back at the recordings, I think we were talking about exactly the same things. About when we were going to hit the debt wall in four or five years and where we were going and how we were going to find the solutions to our problems. I guess we did get lucky in the last government with some major windfalls and it was all around, if I remember correctly, mostly around corporate tax at that time. The point has been made before that we were convinced that it was such a good thing that we should lower our corporate tax to 12 percent to attract more investments in the North and more companies to file their taxes here.

We were sold on that idea and we were sold on that idea by our Cabinet of the day and the people that do our accounting system. I won't begin to try and convince anybody that I understand the accounting system that the government uses. I know that we were delivered in our office or mailbox a book here a couple of nights ago that addresses the issue of how government accounts for funding for governments. We've been pretty busy and I haven't had time to read through it all, but I did read three or four pages of it. Long enough to know well into it that it's probably no use trying to figure it out because they said even accountants that work in industry don't understand how government accountants work and how they figure out their tax base or formula financing. I kind of got discouraged after about three or four pages saying if they can't figure it out, I'm not going to be able to figure it out.

Here we are again being told by our leaders or the Finance Minister and his accounting people that we have to increase our corporate income tax because we were sold a bad bill of goods last time and what they told us was that it didn't turn out to be that way. I guess I personally don't think that the government's track record of putting out predictions as to what a government initiative is going to bring back to government as far as revenues, I don't know what kind of a track record we have, but I would venture to guess that it's not great at meeting our predictions.

I have said before that when these taxes were first introduced I was totally against them. I had no intentions of supporting these tax bills. We have had a lot of information since then and I do sympathize with the Finance Minister that we have to try and find some way of getting some revenues and demonstrating to the federal government that we're trying to do our part. I was thinking back to when we made changes to the income tax before, and I haven't been able to look back and dig out the transcripts, but there's something that tells me that I remember our then-Finance Minister saying to us in committee when the question was asked about how the federal government looks at us playing with our Income Tax Act that he said we're such a small jurisdiction that they don't really care what we do with our income tax and it doesn't make any difference on our formula financing. But now we're being told that they're watching it very closely and we have to show them that we're doing things to generate our own revenues.

I have taken a lot of the information that has been presented to us and one of the things that has kind of convinced me that there is some value in supporting some of these taxes, as much as I hate to do it, is that it's hitting the bigger corporations. Not to say that they're not important by any stretch of the imagination. I think they're

very important to our territory. They're the ones that are creating the jobs out there, putting people to work. They invest in a lot of things and I think that they're very important. But again to me it comes back to our leaders over here that are setting the direction for this government. We have to put some faith into the fact that they have done the homework and that what they are leading down the path of is not one of total destruction and driving people out of the Northwest Territories. I certainly don't think that would be a good approach.

I do believe though that we have room to move in other areas than taxes. I am not convinced that we are not trying to be too big and be in too many things to too many people. I'm really hoping that we start looking inside a little bit, before this next round of cuts comes along, and we have to set some priorities. We can't just keep going and everything that comes before us is a priority and keep throwing money after it. It has been mentioned before, spend, spend, spend like drunken sailors. I still see this government wanting to spend, spend, spend. We're still looking at huge developments that I think we're spending a lot of money in areas that if we just let business run business, they would invest the money and those things would look after themselves.

I am certainly going to be looking forward in this next round of business plans to what we're doing as a government to look internally a little bit at our spending and what our priorities are and, as much as I hate to say so, I am going to support this corporate tax rate and I'm going to put, once again, my faith into the leaders that we have that are telling us that we have to do that.

I always put a lot of faith into what I hear back from my constituents and I did go back to Hay River last weekend and talked to a few people and I was quite surprised at the level of negative remarks that I got back. I was very surprised at that. Again, that's about all I have to say now, Madam Chair, and I will be looking for some better things from the next round of business plans. Thank you, Madam Chair.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Delorey. I have Mr. Ramsay and Ms. Lee on the list again. Mr. Ramsay.

MR. RAMSAY: Thank you, Madam Chair, for allowing me to make a few additional comments and ask a couple of questions. I, like Mr. Delorey, hate taxes as well. I believe most people do hate taxes. It's not a nice thing to have to do and I believe, Madam Chair, that it's the last thing a government should have to do is to go back to businesses and individuals and try to find money that in my estimation the last government misspent, and this government is misspending.

I go back to February 13th, Madam Chairperson, when we were talking about some specific revenue options that this government was proposing, and they talked about at that time to raise the corporate income tax rate by one percent, to 13 percent. I think what happened was the evolution of that, maybe they talked to some other Members and found out that there might be an inkling of an appetite for a two percent increase. The old saying holds true, Madam Chairperson, if you give them an inch they will take a mile. I believe that that is what happened here. We were talking about one percent, and now we are at two percent, Madam Chairperson.

The other problem that I had with this whole thing was that some presenters that were before the committee last week had less than 48 hours' notice or preparation time to come and give us a presentation on their input into the process. I don't know how a one-hour meeting in Yellowknife constitutes public consultation. To me it does not constitute public consultation. I think we have to pay some more attention to the folks that are out there, what type of impact these tax initiatives are going to have on the economy, on industry, and on individuals alike, Madam Chairperson. I don't think this government did the right thing, and I would have fully supported these tax initiatives going through the full 120 days, and run the gauntlet of public consultation that should have happened, and it didn't happen.

I have a question for the Minister, and that goes back to the presentation that he made to committee on the 13th of February when he talked about a one percent point increase in the corporate income tax rate would raise about \$7 million. I am reading that right off of the information that was provided to us, and I think, Madam Chairperson, I heard the Minister talk about the fact that a two percent increase would raise \$8 million. How is it that a one percent increase would raise \$7 million, but a two percent increase would raise \$8 million? Maybe I can have that explained to me. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Ramsay. There has been reference to February 13th numerous times here this afternoon, and unfortunately I don't have whatever document the Members are referring to in front of me. If it was a presentation that was made in committee, it is not something that is really up for disclosure and challenging the Minister on in this forum. The difficulty with it is that we have those kinds of prior knowledge and information of things the government is thinking as a unique feature to our consensus style of government. It is not typical, but it is something we try to respect that what happens in committee is not referenced outside of there. So I would ask the Member, Mr. Ramsay, if he could rephrase his question in a way that does not implicate the Minister in some way for having shared some of his thinking prior to the official proposal coming to the table. Thank you.

MR. RAMSAY: Thank you, Madam Chairperson. As a new Member, I will start to understand some of the shortcomings I think that our process has, Madam Chairperson, and the fact that information can be supplied at a meeting, and I can come into a public setting and want to discuss that information that was provided to us and I can't do that. I think that there certainly is a shortcoming in that, Madam Chairperson, that I take a great exception to.

---Interjection

MR. RAMSAY: I take exception to it though, Madam Chairperson, I am sorry. I do appreciate your comments, and I will move on now.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Ramsay. I don't think the document you are referring to was something that was laid out in a public forum. I could stand to be corrected. Another interesting feature of our government is you are not allowed to challenge the Chair.

---Interjection

---Applause

CHAIRPERSON (Mrs. Groenewegen): I have already made a ruling on that and I have given you the opportunity to rephrase your enquiries. If you could do that, that would be great. Thanks.

MR. RAMSAY: Thank you, Madam Chairperson. I didn't mean you any disrespect in any way shape or form with my comments. Madam Chairperson, there is a part of me that wants to keep digging here, but I think I won't do that. I will stop my questioning there because as I sit here I am getting angry. Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Ramsay. I am sorry; I was just conferring here with our Law Clerk. Did you want to talk about how expectations in terms of revenue based on percentages, did you want to ask the Minister about that?

MR. RAMSAY: No, thank you, Madam Chairperson. It might be a good time for me to go in the chair actually. Thank you.

---Laughter

CHAIRPERSON (Mrs. Groenewegen): Thank you, Mr. Ramsay. Next on the list for general comments I have Ms. Lee.

MS. LEE: Thank you, Madam Chair. Actually the question that I had in my mind, and that I had before Mr. Ramsay started asking, is the same one as his, but seeing as I am an experienced Member, I noticed that it is mentioned again in the Minister's opening statement, which we can ask questions on. It is on page 2 of 2 of the Minister's opening statement. It speaks to the revenues that we would get from changes in the corporate tax rate. It says that the increase from 12 to 14 percent would raise \$8 million in 2004-05, but an extra \$12 million in revenue at the 12 percent would lose \$12.8 million on the grant. I want to know, is the \$12 million in revenue, it says an extra \$12 million, but let me ask the Minister, Madam Chair, how much revenue would 12 percent corporate taxes raise, and how much revenue would 13 percent raise, and how much revenue would 14 percent raise? Where is the cut-off in which we would actually see net gain rather than net loss? Thank you.

CHAIRPERSON (Mrs. Groenewegen): Thank you, Ms. Lee. That is a very good question. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Madam Chair. Again, the way our corporate tax is reported to our government, it is through the federal government. They collect our corporate tax and report it back to us. What we have done, is based on estimates of prior years, felt that we would build estimates on that, and as it gets closer to the actual time of preparing the draft main estimates we call federal Finance to get the actual last sort of up-to-date number that they have available. Based on those, we build our estimates.

Now on 12 percent, looking at what the estimates were built on, we felt, and through the rebasing of the tax effort, we knew that based on the numbers that federal Finance was using we would lose money. So the example of \$12 million is just that. It is an example of the figures we had in our formula based on discussions with Revenue Canada that in fact we would be losing money at 12

percent. At 13 percent, we would just begin to break even with that loss scenario. Now going to 14 percent we know we will secure the base and in fact earn some revenue for the Government of the Northwest Territories. So that is why we have gone to the 14 percent.

As well, there were options that we looked at in trying to come up with what we decided as the 15th Legislative Assembly, that when we looked at our fiscal picture we would be looking at approximately \$50 million in deficit. In doing that we needed to reduce expenditures or reallocate expenditures in the area of \$10 million, as well as raise \$10 million in our own source revenues. Based on those discussions we have gone about that duty of trying to find that balance of reducing or reallocating from internal dollars, and increasing our own source revenues to come up with the number of a \$50 million deficit.

Now we have been fortunate, as stated, that federal Finance Minister Goodale has seen that our arguments were valid with respect to the impacts of rebasing and has foregone that for one year. By doing that, he has allowed us to remove our deficit for the 2004-05 year. We are definitely thankful for that, but more critical I would say is the fact that we have been given a year's time to come up with an actual new tax effort measurement, and that is our goal now to get down to that work, because if we can come up with an agreement on that and stabilize our situation, we would be better years down the road.

Today, we have to operate with what we have using the numbers we have available. I have heard concerns, and as a previous Member of previous assemblies, trying to come up with hard facts of what today's corporate values are in tax measures. The personal income tax measures can fluctuate from one presentation to the next as the phone calls go between federal Finance and our own Finance department. We've used the information available that was in discussion with federal Finance, and built on that basis. In the initial discussions we talked about potential revenue. Once we have talked with federal Finance on the figures and our estimates, we had to re-evaluate and adjust our figures. That is where we are now with coming up with approximately \$8 million. Again, through that exercise of working with federal Finance on our figures, we have had to do some adjustments and recalculate, and that is where we now come up with \$8 million. We know based on the discussions we've had with federal Finance that 13 percent would be about a break even mark. We feel that to actually go ahead and increase some of the revenue that we need for securing our level of programs and services that we should be doing a little bit more, and that is why we have gone to the 14 percent number. Thank you.

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

MS. LEE: Thank you, Mr. Chairman. I don't believe still that I have gotten the confirmation and clarification on what the net return is to our government at 14 percent. I understand, and I have heard this many times, that there are all sorts of factors that go into this and there is never any certainty on the forecast and the assumptions that the government makes to crunch out numbers. We are just fed like lap dogs, whatever they tell us at any given time is what we get.

Limiting the calculations to the assumptions the government made in drafting this paragraph, I am going to narrow it down to this paragraph, the second paragraph on page 2 of 2, I am told that at 13 percent we are going to come out even. At 12 percent we are going to lose \$800,000. At 14 percent we are going to raise \$8 million. Is that \$8 million a net gain, net revenue to the government? In case I run out of time, depending on the length of the Minister's answer, when the time comes to approve or take a vote on this bill as a whole, I would ask for a recorded vote. Thank you.

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

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, on that second paragraph we put in our estimate of the net gain of going from 12 percent to 14 percent. We are expecting \$8 million. We have built that into the budget document that is before all Members in this House. For the 2004-05 year, we are estimating that we will receive approximately \$31.750 million in corporate tax. That is our estimate based on discussions with the federal government. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Mr. Minister. Mrs. Groenewegen.

MRS. GROENEWEGEN: Thank you, Mr. Chairman. With respect to this bill, as a lot of Members have already stated, there is never anything popular about taxes. As a matter of fact the saying goes that there are only two things for sure in life, and those are death and taxes; two very unpleasant things that go together it seems. Mr. Chairman, I think that taking this out to public consultation would not have been a bad idea. I am not sure that we would have been able to get an opinion of consensus from the public. It is a very complex issue. I have already stated in the House that I think the advantage of consultation would have been to create awareness, and I think that even after we pass the bill it is not too late to make the effort to create that awareness in the public about what we are trying to do and what direction we are going in with these taxes. I would suggest that where an opportunity arises or where Members would like to have that discussion in their regions, that they invite the Minister there to do that. Because it is a complex issue, I concur with people who have expressed the opinion that we have to place some confidence in our senior officials, and in our Minister here on this. I will quickly conceive that they know a lot more about this complicated regime in how it relates to our formula, and our funds that we get from the federal government than I will ever be able to absorb I'm sure. So I will give them the benefit of the doubt on that.

As for the corporations, 500 or so that will be affected, a lot of them didn't come here yesterday. They were probably here before when the rate was 14 percent and they saw a decrease to 12 percent. They enjoyed the benefit of that for a short window of time, and now all we are doing is going back to something that was the status quo previously. So in that sense I don't see it as being that big of a hardship. Certainly, when we talk about the strain on our program services, particularly our infrastructure, which we are struggling as a public government to maintain, I think that some of the industrial activity that is taking place is in some part, although it is very welcome, contributing to that stress and our ability to keep up. So in terms of the way this tax is directed and

the history of the rates that we have seen in the past, the fact that the Minister has agreed to consult and talk to people about it after the fact, I would like to say that I will be supporting this bill. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Mrs. Groenewegen. Mr. Minister, did you wish to comment?

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, again, I would like to thank the Member and all of the Members for their comments regarding the initiative that is before them, and the increase of corporate taxes. I agree, taxes are never popular, and I didn't take this job with a goal that I would cause an increase in order to provide services to our NWT residents. But after looking at the scenario presented to us and trying to come up with a balance, we have had to wrestle with this, look at our options that we had available in trying to get something in the 2004-05 year. I have heard a lot of Members now talking about what we are going to do next, and I hope we still have your support when we do actually start looking at those reductions.

A lot of Members are calling for looking internally, and that is the exercise we are going to embark on after this. What we are doing here is just to secure where we are in providing the level of service we have available to residents to date. There is no real increase, and if you look at a lot of the departments' increases they are based on forced growth, whether it is an increase in providing the service through union agreements to pay wages to nurses and doctors, or teachers, or trades people, those that we have left in trades that is. So we are trying to come up with that balance of what we can do in trying to meet our own goals and providing a level of service that is not only expected, but to meet the requirements that we have put upon us.

It is difficult, and I am willing to go to the regions and Members' constituencies to go through this and explain the impacts, as well as where we are going as a government with these initiatives, but it is not going to get any easier. As the Member stated, right now we are dealing with the strains on our programs and services, and the philosophy of the 15th Assembly is different than that of the 14th Assembly in trying to meet our goals as a government and still provide services to our residents. We have changed our philosophy, and we are going to go about that in trying to come up with an appropriate balance, and not all Members will agree with the scenarios that will come out. Again, at the end of the day we are going to have to meet those targets that we set for ourselves. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Mr. Minister. Mrs. Groenewegen.

MRS. GROENEWEGEN: Thank you, Mr. Chairman. Something the Minister said just reminded me that, yes, this is just one part of a multi-faceted approach to what we are seeing as fiscal responsibility, and there will be other things that will go together, work together with this single initiative, which we are considering right now, that all together will hopefully take us down that road towards having a more balanced and less stressful approach to our fiscal situation. It does put the government in an awkward position when we are constantly looking at that debt. I think it will be good for us, it will be perhaps painful in the short term, but when I put myself into the position of the Finance Minister, which I am very glad I am not, but in

all honesty as a regular Member it is easy to take exception, and to take shots, and to find fault, but I can't see anything that Mr. Roland is doing that I wouldn't be doing exactly the same if I was in his position. Let me reiterate, I am very glad I am not in his position. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ramsay): Thank you, Mrs. Groenewegen. Mr. Minister, do you wish to comment?

HON. FLOYD ROLAND: Just a comment and again I thank the Member for speaking to the bill. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Mr. Minister. Clause by clause. Bill 2, An Act to Amend the Income Tax Act, Clause 1.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Ramsay): Clause 2. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. As I stated earlier I want to move a motion. I think I already know the outcome, but I am presenting this motion.

Committee Motion 15-15(3): To Amend Clause 2 Of Bill 2, Defeated

The motion reads that Clause 2 of Bill 2 be amended by striking out 14 percent in each of sub-clauses 1, 2, and 4, and by substituting 13 percent. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ramsay): Thank you, Ms. Lee. The motion is in order. We are going to circulate that motion. Thank you. The motion is in order. To the motion. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. I am presenting this motion because I do believe that we cannot be at 12 percent where we are losing money for having the corporate tax at that rate. I do believe that 13 percent will allow us to break even and possibly a little more. I do understand that our government is in fiscal restraint but, as I have stated, I don't believe that we have an opportunity to go through our final situation to the detail where we could prioritize. I do believe that 13 percent will give us extra money, but 14 percent would take us to a two percent increase. That is higher than I would like to see, so I am proposing this motion. I am not going to ask for a recorded vote on this. I understand that we can have a recorded vote on the third reading. Thank you.

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

MR. BRADEN: Thank you, Mr. Chairman. I can't speak in favour of this. I am satisfied that the information presented to us justifies that 14 percent is a realistic tax level, and that the increase of two percent is not excessive. I guess what convinces me of this is that if we go from 12 to 13 percent we are just sort of tweaking and tinkering here, we are not giving ourselves the margin that I would be satisfied with to know that we are not going to continue to be in a negative revenue situation. I think 14 percent is realistic because it gives us a buffer. That being said, that is my comment. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Mr. Braden. Any other comments? Mr. Hawkins.

MR. HAWKINS: Thank you, Mr. Chairman. I will be supporting this motion. I think it is a good step, and I think it is a recognition that we still have to work a little harder to sharpen our pencils. As it has been said, I don't really think that this burden is necessarily fair to be taken solely on the 15th Assembly's shoulders, but unfortunately we have to make corrective actions. The Minister has quite clearly said that if we don't take some steps we are going to be penalized by Canada. I think it is a good saw if we are taking corrective steps, and I think we need to go back to the drawing board and make a few more creative solutions. The last point I want to hammer out, and I may have to repeat this later, but the point is if this side of the Assembly makes any comments in regard to the budget, we have to recognize that it is a position of weakness because our comments are only treated as creative suggestions, and any comments we make, they don't even vote on them for goodness sakes. It is kind of pathetic, because we may vote unanimously on a suggestion and then we just watch it go through. So it seems almost embarrassing that we provide creative suggestions, the majority of this House provides good feedback on what we want to see in this budget yet we get no reaction, it is at their discretion. So at the end of the day it seems quite sad. I will finish by saying I will support this at this time. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ramsay): Thank you for your comments, Mr. Hawkins. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, the work that has been done to date in here is the best work we have available in working with the federal government on the numbers provided, in trying to secure the base that we have of revenue, and ensuring that we can deliver the programs and services we have available to residents today. This is not about getting rich, this is not about enhancing what is there, it is about securing the revenues that we have to date so that we can deliver the programs that we have, and it is about sustainability.

Being a money bill, this is very important to us that in fact we proceed with this. The revenues, as I stated earlier, in the draft main estimates that we are about to vote on later, include a 14 percent amount. So we have already got it built into the system and we are still just barely delivering what we have in programs and services, and there have already been calls from Members to spend more on different areas that are important. What Members say in this House isn't just going to be thrown out as we walk out of this House. We are going to be using comments that Members are giving to go forward. I take the comments Members say in this forum seriously, as well as in committee, in helping me look at the issues before us when it comes to the fiscal side and how we should build these things into our budgets. As Mr. Braden said, at 13 percent we are just making the line. If we are going to deliver the level of programs and services we have at least for 2004-05, we are going to have to do more than just meet that level.

Again, as Members are saying, we have to look internally, that is the case. When we get back to planning for the business cycle, and business plans we are looking, as I stated in the budget address, to take \$20 million out of the system. So we are going to be going in that direction of taking out instead of just trying to add to it. Thank you.

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

MR. MENICOCHÉ: Thank you very much, Mr. Chair. I am not going to support this motion only because I believe that by doing the increase the way it is suggested, that at least it maintains our ability to hang on to some of the programs and services that we do have. That is why I am in favour of it. Thank you.

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

MS. LEE: Thank you, Mr. Chairman. I want to reserve my comments for last, as the mover of the motion. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Ms. Lee. Mrs. Groenewegen.

MRS. GROENEWEGEN: Thank you, Mr. Chairman. If we're going to raise the corporate tax, there is no sense doing it if it's revenue neutral for us. You might as well not bother with it. If you're going to go to the trouble of raising the tax, you might as well make it worthwhile. It's not exorbitant and it's not outrageous. Like I said before, it's going back to what we had that was an historical level a few years ago. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Mrs. Groenewegen. Mr. Handley.

HON. JOE HANDLEY: Thank you, Mr. Chairman. I just wanted to point out for Members, especially the new Members, that this is a money bill and that Cabinet will be voting on this issue. But we have done the work on it, we feel that 14 percent is justified and it is reasonable, and that all of Cabinet will be voting against this bill. Thank you.

---Laughter

---Applause

CHAIRMAN (Mr. Ramsay): Thank you for clarifying that, Mr. Handley. To the motion. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. Just a short comment to close the debate. I appreciate the Members' comments. I just wanted to add that this goes back to...Having been here for five years, I guess not everybody shares my view, but I have gained a healthy dose of skepticism and cynicism in the way the information is provided to us. Mr. Chairman, I don't mean any disrespect to any of the staff or accountants. Accountants balance numbers. They make sure that what goes on the left side goes on the right side. Ministers are the ones who set the priorities, and I think under the consensus government maybe we should have Finance Ministers running and laying out their agenda at re-election time, because otherwise we get one Finance Minister on one extreme spend, spend, spend, decrease taxes...

---Laughter

...and then we get another Finance Minister using exactly the same fiscal relationship we have with Ottawa, exactly the same social problems, probably using exactly the same facts that the department staff provides and comes out with a completely different interpretation. I've been

sitting here listening to the same thing, but drawing different conclusions.

We have gone through two weeks of a budget debate, and I'm telling you they gave us a box and we are giving them a box back with a rubber stamp on it. We have not been able to make one iota of change as regular Members. If we really have a consensus government, then we on this side of the House should have more say in making into a dough and not a square box where we either take it or leave it. None of the suggestions we have made in terms of saving programs or anything, none of it was addressed.

Mr. Chairman, obviously this is my motion and I will be supporting that. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Ms. Lee. Just to clarify, Ms. Lee's comments do not conclude the discussion on this item, so to the motion.

SOME HON. MEMBERS: Question.

CHAIRMAN (Mr. Ramsay): All those in favour? All those opposed? The motion is defeated.

---Defeated

Clause 2.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Ramsay): Clause 3.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Ramsay): To the bill as a whole.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Ramsay): Does the committee agree that Bill 2 is ready for third reading?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Ramsay): Bill 2 is now ready for third reading.

---Applause

I would like to take an opportunity thank Mr. Roland and his staff, Ms. Veinott, Ms. Melhorn, and Mr. Gagnon, for their appearance here this afternoon. Thank you for your time.

Thank you, committee. We would now like the Honourable Floyd Roland, Minister of Finance, to begin with his opening remarks on Bill 3, An Act to Amend the Income Tax Act, No. 2.

HON. FLOYD ROLAND: Thank you, Mr. Chairman, for the opportunity to present Bill 2, An Act to Amend the Income Tax Act, No. 2.

Bill 3 would increase personal income tax rates for higher income earners, effective July 1, 2004.

Because this income tax measure will be effective in 2004, we need to advise the federal Minister of National Revenue of our new rates before April 15th of this year so that they can be administered by the Canada Revenue

Agency. In order for these changes to be implemented, this bill needs to be passed in this sitting of the Assembly.

Bill 3 would increase personal income tax rates for taxpayers with taxable income over \$66,492. The rate for the third bracket, covering taxable incomes between \$66,492 and \$108,101, will increase by one-half a percentage point, from 11.7 percent to 12.2 percent. The rate for the highest income group, those with taxable incomes over \$108,101 will increase from 13.05 percent to 14.05 percent.

This change will raise about \$1 million a year from the 4,600 highest income taxpayers in the Northwest Territories.

I would like to note that there is a difference between an individual's taxable income and his or her total income. Taxable income is calculated by deducting a number of items, such as pension contributions, RRSP contributions, and the northern residents' deduction from total income. Someone with a taxable income of \$66,492 would have, on average, \$80,111 in total income before deductions. Someone with taxable income of \$108,101 might have total income of around \$124,254.

Someone with a taxable income of \$68,000 will see his or her tax increase by about \$7.54 a year, while someone with a taxable income of \$110,000 will have an annual increase of \$227.

Because this tax measure will be effective starting July 1st for source deductions, the amendment sets transitional rates for the 2004 year halfway between the old rates and the new rates. The CRA requires notification by April 15, 2004, so that payroll deduction tables can be adjusted.

Mr. Chairman, I would be pleased to answer any questions the committee has on this measure. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Mr. Roland. I now call on the deputy chairman of AOC, Mr. Hawkins, to make comments from the committee with regard to this bill.

MR. HAWKINS: Thank you, Mr. Chairman. The Standing Committee on Accountability and Oversight conducted public reviews of Bill 3, An Act to Amend the Income Tax Act, No. 2, on March 25 and 26, 2004. The committee would like to thank all the witnesses for their submissions, which were made on very short notice. The committee also thanks the Minister and his staff for presenting the bill.

As I indicated in my comments on Bill 2, the committee was very concerned about the short amount of time allowed for the public to review and respond to these tax increases.

Bill 3 proposed to raise the personal income tax rates on the two highest brackets effective July 1, 2004. The committee heard concerns about Bill 3 from both Mr. Mike Vaydik of the NWT and Nunavut Chamber of Mines, and Mr. David Tucker of the NWT Construction Association, who told committee the increase could affect their ability to recruit and retain skilled trades workers who are a highly mobile section of the labour force and in high demand across Canada.

Mr. Connelly of the Yellowknife Chamber of Commerce indicated to committee he did not have a concern with Bill 3.

The committee heard support for Bill 3 from Ms. Suzette Montrieul of Alternatives North. Similar to its position on Bill 2, Alternatives North does not believe the proposed tax increase is unreasonable and considers maintaining the GNWT's social programs to be more important than maintaining low tax rates.

The majority of committee Members find this tax increase regrettable but necessary in order to maintain the GNWT's social programs.

This concludes the committee's opening comments on Bill 3. Individual Members may have additional questions or comments as we proceed. Following the committee's review a motion was carried to report Bill 3, An Act to Amend the Income Tax Act, No. 2, to the Assembly as ready for Committee of the Whole. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ramsay): Thank you, Mr. Hawkins. I would now like to ask the Minister if he would like to bring in witnesses and introduce them.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. I would like to have witnesses.

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

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Ramsay): Thank you. I would ask the Sergeant-at-Arms to please escort the witnesses in.

Thank you. Mr. Minister, for the record, please would you introduce your witnesses.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. To my far right is Mr. Gerry Gagnon, manager of tax policy; to my immediate right is Ms. Margaret Melhorn, deputy minister; and to my immediate left is Rebecca Veinott from Justice. Thank you.

CHAIRMAN (Mr. Ramsay): Welcome. We will now move to general comments. Mr. Hawkins.

MR. HAWKINS: Thank you, Mr. Chairman. Mr. Chairman, in this particular case I'm going to state that I will be supporting this adjustment. Although very unusual probably for me to be enthusiastic about a tax increase, \$7.54, under the \$68,000 taxable income bracket, basically could represent a box of Tim Horton's doughnuts. So I don't think that's going to have a significant impact on that tax bracket.

The other side of the taxable income of \$110,000 plus, the increase being \$227 per year, we are really only talking about \$15 a month so I don't think that will have a significant impact on that bracket either. Therefore, I will be supporting this. Although I stress it's highly unusual for me to be enthusiastic about a tax increase, I feel that this will have a very minimal impact on those in the sense that they will never even notice. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Ramsay): Thank you, Mr. Hawkins. Other general comments. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. It appears that I'm going to have to play the lonely role of a contrarian here. I am not going to support this tax bill either, on the basis of many things that I've said. I do believe that we have had a break from the federal government for \$50 million. I do believe it is unreasonable to go from a deficit position of \$47 million and the federal government gives us \$50 million that we were not expecting, and we go into a surplus of \$3 million but still pursue an increase in taxation.

Mr. Chairman, I should state -- I think everybody here understands but I just want to make it clear -- that we have, as Members, to state our position and argue on an issue-by-issue basis and present our justification for the way we take our positions. I don't think it means any disrespect to the work of the Finance Minister. I know that the Minister of Finance, since becoming the Minister of Finance, has not I don't think given thought to anything but his budget. I'm sure he speaks this formula financing and rebasing and tax effort adjustment and all those jargons in his sleep. So I know that he is constantly crunching the numbers. But I am just very resistant to this taking the box again that I was fed in the last Assembly, where not only did we increase the spending, as the Minister's of Finance budget address suggested, our spending grew by \$220 million in the years between 1999 and 2000 since division, where our revenue only went by \$140 million. We spent way more than we got. At the same time, we reduced the personal tax credit, we reduced corporate tax, all in the name of justification that the Finance Minister of the day told us.

So I think Members could understand that I have a healthy dose of cynicism and skepticism when I'm presented with a completely 360 degree backwards on another set of assumptions. I'll be watching the Minister's work over the next while and once I've had a chance to go through the business planning process, not as a new Member but as a returning Member to this Assembly, maybe I'll feel that I could actually have an input into the way that we make our priorities by the way we set our budgets. After all, when we pass a budget that is setting our priorities. So far I feel like I've had zero input into how we spend our money, what assumptions we expect, how we accept and how we interpret those assumptions. I guess I live my life where I don't mind making mistakes, but I don't like making mistakes twice and I'm not going to sit here and accept everything that is told to me.

Another reason, Mr. Chairman, is that I think anyone who walks down to Tim Horton's, not only to buy a box of Tim Horton's doughnuts with, well, I guess extra money we will have to spend once this is passed, anyone who walks down there will hear from the people that the biggest problem we have in the North is the cost of living. Everything about living here is high. Even the government acknowledges that it's too high to buy here that they're going to go south to buy where it's cheapest. Not only that, Members that come here have gotten themselves a housing allowance increase because they can see with eyes open how expensive it is to live in Yellowknife, and it applies to all the communities in the North.

This taxation would affect the top two tax brackets, but it would affect about 3,500 taxpayers. We have only been here for four months, we have not had a chance to look at what we can do better. I'm telling you we had lots and lots of spending stuff last time that I haven't seen, and I'm not speaking for cuts in programs, I'm talking about what we

can do to better use our dollars before we go out and reach into the pockets of the people out there. It's not their problem that we have spent out of control and spent like drunken sailors, which is a quote that I gave to this Assembly.

Perhaps in a year's time I may be willing to support something like this, but I think this is way too new in this Assembly and I am going to exercise my right to flex my healthy dose of skepticism and cynicism and I'm going to not give support to the Minister's of Finance initiative just because. I know he's good and willing and he operates under good faith and he's certainly working hard to put some fiscal discipline into our work, but I do believe the picture is incomplete and I do believe that if somebody came to me and said they're going to pay off my mortgage and I owed the amount of \$47 million and somebody gave me a \$50 million cheque, I think somebody could get a break here and not respond to that by a tax increase. In the House I fought and fought and fought hard to save some of our programs and none of that happened. So I'm thinking why should I be doing everything that the government wants if the government is not prepared to listen to any of the suggestions we make on this side of the House. So on that principle and all the reasons that I have given already, for that reason I am not prepared to support this bill. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Ms. Lee. I have Mr. Menicoche.

MR. MENICOCHÉ: Thank you, Mr. Chairman. One of the things that I have been telling the people back home and I'm going to be consistent about, is that it would be unrealistic to come to government and try to get more. We cannot get more programs, more services, but we can hang on to what we have. Unfortunately this tax is one of the ways we do it, and I would like to look in the long term as well. I do want to achieve a balanced budget and this is one of the ways we're going to have to do it.

This afternoon I had the pleasure of being at a presentation where one of our organizations that we support was in a severe deficit position, but they rolled up their sleeves and they did lots of hard work just to climb out of it, and that's where we are today. That's what I would like to concentrate on, is here we are today and what can we do to better ourselves for our people and the future? This is one of the ways of doing it right now. So I'm supportive of this increase in Bill 3. This is one of the best ways I think today we can achieve those results of a balanced budget, which I am striving for as well. Thank you.

CHAIRMAN (Mr. Ramsay): Thank you, Mr. Menicoche. Mr. Roland, did you care to make some comments?

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, the philosophy of the 15th Assembly is different from previous assemblies, and that's something I think we need to recognize. As a new government we sat down as new Members, some returning, some more experienced, some with new ideas, and decided that we would set a fiscal course early on. Now we've taken that direction, myself as Finance Minister and my Cabinet colleagues, and looked at the alternatives we have before us in trying to meet that target. It's not an easy process. We know that taxes are something that is not an option that's looked upon lightly. In fact we're going to have to ensure that as we go forward that we're spending the money wisely, the

money that the taxpayers of the Northwest Territories pay as well as the rest of the Canadian citizens as they play a big part, as over 70 percent of our revenue comes from Canada. So we're going to have to ensure we're doing the best we can.

Early in the life of this Assembly our Cabinet has committed to ensuring we're going to begin to look at that and how we spend money as a government. Look internally, see how we're delivering programs to those in small communities as well as those in the large communities. That balance is going to be a tough balance to come across.

I respect Members who, on principle, do not support the tax initiative. As Ms. Lee mentioned, on principle it's her right to speak and I respect that. We all have that opportunity here, and I've done that on many occasions in the past myself. But one of the things we have to remember is we ended up in a situation, for a number of reasons, that we were now looking at a potential deficit of \$46 million for 2004-05. Now myself as a homeowner, if somebody came to me and using the scenario that was used by the Member, if somebody came to me and paid off my mortgage, I wouldn't be tempted to get myself back into a huge debt. I would be very thankful that somebody paid my mortgage, but then I would use my resources to ensure that I didn't end up in a position like that again unless I knew I could pay my own way out of it.

So there are difficult choices that we'll have to make going forward from here. I think again with the options before us, the timeline that we have, we can't afford to put off initiatives and see what the future may hold. By doing that, we only create a bigger hole and deeper hole to try to dig ourselves out of. So we're being proactive here in trying to come up with the approach that we agreed to as new Members of the 15th Assembly. We've taken the initiative, we've gone forward, we are looking long term down the road in trying to secure a stable fiscal environment for the 15th Assembly, but, more importantly, beyond. I think we have to take the actions today to ensure that our children aren't paying for equipment and infrastructure that we make use of today and that they'll run out of in the future. But I agree; we're going to have to look internally and look at how we're spending those dollars and ensure that we're doing the best job for the residents. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Roland. Mr. Menicoche.

MR. MENICOCHÉ: Thank you, Madam Chair. I have concluded my comments. Thank you very much.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Menicoche. Mr. Allen.

MR. ALLEN: Thank you, Mr. Chairman. As this tax bill evolves, I will support it but I think I need to put it on the record, Mr. Chairman, that during the last couple of weeks I was raising a number of educational questions to the Minister of Finance and trying to offer some helpful suggestions and what we should do to try to develop some incentives to work alongside the Cabinet to achieve the solutions to some of the understandable problems he has. I think it's quite right, with the limited amount of information we have to ascertain whether a tax increase would be a net benefit, I think the question is always in the

back of people's minds. I think for the Fast Food Cafe in Inuvik, it doesn't differ from any other restaurant.

Nonetheless, one key comment I would like to enter into the record, whether it's a small increase or a large increase, there's still a concern out there. Again, this is an evaluation done by the Canadian Federation of Independent Business, that there may be less spending by the higher income tax bracket people to purchase services and products throughout the Northwest Territories. Just a quick comment to that, I don't know if it's relative to the principle of the bill, but if you go to northern Alberta you see about 150 NWT plates on a given weekend in the larger municipalities shopping throughout the Peace region, Grand Prairie and large municipalities south.

The other one that also concerns ourselves is the fact that if this is not communicated wisely to the employable public, I believe we will have some problem recruiting highly skilled labour into the North. That's what I think we have to be very cautious of. Even the Minister expressed that in one of his presentations to ourselves through his briefings. He stated very clearly that we have to take some precautionary measures, and I agree with him. But from a comment point of view, I just wanted to make the Minister aware that I will support this bill, but I think also we need to inform the public that we are taking some precautionary measures to make sure that it doesn't increase from beyond what he is proposing. With that, Mr. Chairman, thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Allen. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, I thank the Member for his comments. The discussion about alternatives is something that as a government we will have to look at to see how we can stimulate growth in a way that still protects our base. So there are initiatives looked at, the suggestion is made, we've already started to do some work to see where we can go as a government in those areas. Again, it's critical that because we're a small jurisdiction with a very small tax base, we will have to look carefully at the impacts not only through the effect of the formula, but just on the base itself and delivering programs. So we're looking at the options that are out there and trying to become more proactive than reactive. That will take some work.

The idea of being in the box; well, that's something we're working on, is to try to be a little more creative in that sense. At the same time, we have to protect the level of the base we have now. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Roland. Mr. Allen. At this time can we take a short break? I was told that supper might be ready.

---SHORT RECESS

CHAIRMAN (Mr. Pokiak): At this time, I will go to Dave Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. I will start my comments. I have had a chance to be in the chair for awhile and my blood pressure came down a little bit and I had something to eat.

---Laughter

---Applause

I feel a lot better, Mr. Chairman. Once again, I would just like to reiterate a couple of things. The first one is the obligation that Members of this Assembly have to do what we can to deliver a balanced budget to the residents of the Northwest Territories. I also wanted to talk again a bit about the formula financing arrangement that we have with Ottawa and how I see that as a key inhibitor to any success we are going to have as a territory.

Last week, the Premier will remember my Member's statement when I talked about the fact that we've been talking about trying to fix our arrangement with Ottawa for a number of years as well as the devolution process and all that comes with that. I am going to say this again, I think the common denominator -- I am a Conservative and I don't hide that -- to a lot of our difficulties here in dealing with the federal government is the Liberal government that's in Ottawa. I can't state it any more clearly than that, Mr. Chairman.

I see lately that they've agreed to give \$1 million to Mr. Peterson who is in charge of negotiations on the NWT file on devolution; \$1 million a year to carry on with that. The Premier has talked that we are going to have a new arrangement and everyone is saying all the right things, but really we haven't gotten anywhere. I think that is the crux of the problem. We have not gotten anywhere with the federal government.

In terms of this specific tax revenue or revenue option here, I can't support this the way it is. I have heard other Members say it's only going to be a box of doughnuts, it's only to be this or it's only going to be that. What it is to me, Mr. Chairman, is an increase to the cost of living in the Northwest Territories, something I feel is high enough already. I don't care if it's 25 cents. If it's more, it's too much. I do believe that we have to try to attract people to live in the Northwest Territories. We have to have the skilled labour here. It's very competitive out there right now across the country, across North American, for that matter, in terms of attracting skilled labour. Anything we do to increase the cost of living here is the wrong thing to do. I think we should be trying to look at ways of lowering taxes here and trying to attract people here. I have talked about the permanent trust fund I would like to see the money that Ottawa is taking from us every year and put into this trust fund for the benefit of Northwest Territories down the road and into the future. I think those are things the government should be supporting, not raising taxes. I think it sends the wrong message.

The argument can be made it's for the higher tax brackets, they make enough money already. I can't buy that. I think any tax increase is the wrong thing to do. Again, a lot of the same arguments are the same ones I had for the corporate income tax. I don't think the government has done enough to have a look in the mirror, Mr. Chairman, and try to find ways or means within our own organization where we can effectively cut spending. Like Ms. Lee, I haven't got a lot of say in how things are done and how we might be able to realize some savings. I think once taxes go up, they never come down, unless it's the corporate income tax, but that's another story.

---Laughter

It's like chasing a rainbow, Mr. Chairman, our relationship with Ottawa and how numbers change week in and week

out, Mr. Chairman. To me, it's not a very good way to run a government. If we are going to have any success here, we have to get a better financial situation, better financial reality with Ottawa. I have got my own ideas on how that might happen, but I will leave it there, Mr. Chairman. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Ramsay. Mr. Roland, would you like to comment?

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, I respect the Members and their opinions as we come to this table and discuss the initiatives of government and what we need to do or should do. Again, it was not our intention as we took office to look at trying to make it a more difficult place to live, but again as elected Members and as a direction we set for the 15th Assembly with our fiscal targets, Cabinet has gotten down to work and come up with what we feel are some of the better options than were out there for the time frame. Again, I would encourage Members to encourage us to look in the mirror and take a hard look at how we run business. Your support is going to be needed as well as we go through the next cycle and start looking at what areas we have to reallocate money on or reduce budgets. It's not going to be an easy exercise. I am a Member who came into the 13th Assembly and it seemed like I cut my political teeth in a period of harsh restraint. We are trying to come up with a balanced approach so we don't have to be back there again looking at massive cuts across the board. We are trying to be more surgical and look at how we do spend money and if there are pockets out there where it's ineffectively spent, we have to look at reallocating. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Roland. May I remind the committee to relate their comments to Bill 3. Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. Thank you for that reminder, Mr. Chairman. I just wanted to make one last comment. I know there are going to be some difficult decisions to make here. I have a strong stomach and if some of the things he talks about are going to happen here the next couple of years, he will have my full support in that. Thank you, Mr. Chairman.

---Applause

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

HON. FLOYD ROLAND: I take the Member's comments. As we go forward, we will be sharing the information and building into the business plan process on the initiatives we set forth as government and how we are going to save the next \$20 million. Thank you.

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

MR. BRADEN: Thank you, Mr. Chairman. To the bill, I am speaking in favour of this bill, but like the one that we just passed, Mr. Chairman, with little enthusiasm, even less than the one before. The advantage of the benefits of this bill, which would obviously be for people in the higher earning brackets are quite real and quite tangible. This is much more of an initiative that we, as a government, are taking of our own volition. Part of what we see as an available opportunity to raise some more

revenue, not a lot of revenue, but it is one that the Finance Minister obviously has enough conviction that he is bringing this forward.

I want to compliment the Minister on one hand, Mr. Chairman. In his budget address and in bringing this tax initiative forward Mr. Roland has also signalled that in the very near future, we are going to see two other tax initiatives, payroll and the cost of living tax credit brought forward in May. Not that I like taxes very much, but if we are going to be doing some work, this Assembly and certainly the businesses and people in the NWT are much better served by having all of this presented in a bundle, if you will, so that all of the government's ideas and initiatives about tax can be seen more or less as a whole. We can, with some certainty, figure out what the net impact of this is going to be once it's all said and done. This, I think, is something that was a good move and I am appreciative of it because it makes this job even in something like taxes just a little bit more straightforward; not necessarily easier, but more straightforward to discuss with the public where they know what all the aspects are going to be.

Some of the aspects of this, we know, of course, what makes it unfair, we can all feel the money slipping from our pockets for the brackets that are being affected, but it will still leave this jurisdiction the fourth lowest in Canada for personal income tax. It has the impact on our social situation, as was pointed out by the people from Alternatives North, that there is a very solid body of survey and study of taxpayers' attitudes that says if what we are going to do is see our social services framework threatened, then the pain or the grief or the inconvenience caused by tax measures seem to fall below the concern that people have if they see social services being cut instead. So we would seem in this case to be on the right side of the fence if we look at our society as a whole. I would like to take that venue here that we need to do some things to protect our social infrastructure and this is one of them.

I am, to some degree, comforted by the assurances that I have so far from the Department of Finance and Minister that the provisions that are tied together in the payroll tax and the cost of living tax measures will, in effect, actually leave more money in the pockets of lower income northerners. So this is part of some of the layers that I have learned that you have to peel away when you are talking about taxes because they aren't black and white all the time. There are aspects to them that need to be comprehended. This is probably the most significant thing for me, Mr. Chairman, that says this is a bill we are supporting. It's because of the net effect. Once all these things are bundled and done, it leaves some money, not a lot, but leaves some money for the lower income wage earners.

What it takes from the higher income wage earners is also going to be offset to some extent, I understand, by the tax credit allowance. All in all, it is a workable piece of legislation.

Some Members have made some remarks about the \$50 million very dramatic and very positive change in our situation. I don't see it as something, Mr. Chairman, that should affect the measures that we have already got in place, not only for this year but for coming years. I don't regard it as a gift or new money or a windfall, not at all. We are going to continue to be in a very tight situation in

subsequent years and we should stay the course. I just wanted to mention that from my point of view, as big a piggy bank as \$50 million is, we still need to keep a longer view on things.

I have a couple of questions for clarification. I hope the information I have heard so far is going to be consistent with the answers. With the measures that are going to come forward through the payroll tax, on my paycheque, my biweekly paycheque, or any other northerner, am I going to be seeing less disposable income because of these tax measures in my regular pay packet? Am I going to have to wait until tax time before I see a reconciliation? Thank you, Mr. Chairman.

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

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, the Member is correct to an extent on the impact of the tax initiatives that have come before this Assembly, this being the second of three tax measures we, as a government, have identified in my budget address as well as in our revenue picture that we put forward to the committee. The payroll tax, which just got first reading today, does change more, depending on your income. Again, it would be using a certain amount of income and we could come up with examples. The way the tax is calculated, it's a progressive system. Each bracket is taxed at a certain level and then you get up to the next level and it hits the next bracket and then the higher ones. The two lowest tax brackets will drop and will impact on how much tax they're actually paying. There will be a drop in some of the tax, that is the percentage of tax, because of our progressive system. So there will be a reduction, and the majority of people who will benefit from this will be in the \$66,000 figure and less. They will benefit through an increase to the cost of living tax credit, as well as a drop in the two lower brackets. But on this bill, the two higher brackets that we're moving upwards, there's going to be a certain affect. Some of the work we're doing now is to the actual net impact that happens after all the tax initiatives are put in place on personal income tax. So we have started that work and we have some estimates now on different categories. Again, this is sort of going beyond the scope of this bill, but since they're put out as a package and explained to Members that in fact the net impact that residents will feel, the higher tax brackets once the next bill comes into effect will actually drop down. So there will be some offset as a result of the payroll tax which drops the two lowest tax brackets. The highest levels won't negate the total increase, but it will drop back down a little bit again. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Roland. Mr. Braden, your time is up. I'll go over to Mr. Villeneuve.

MR. VILLENEUVE: Thank you, Madam Chair. Thank you, Mr. Chairman. I just have a question on this new initiative. I guess I concur with the Finance Minister that the half a percentage point increase of a person grossing more than \$80,000 a year is not really a big chunk of money that we're talking about. Out of \$80,000 wages, \$7.50 is not a heck of a lot of money, but I think it's just the principle that people tend to look at more than what are the actual dollar amounts that they'll be paying out.

I just wanted to ask the Minister of the 4,600 taxpayers in the NWT that are going to be affected by these changes,

probably a large number of those income tax payers are GNWT employees. As Mr. Ramsay was referring to, that this tax increase is basically just going to raise the cost of living for these income tax payers in the NWT. I'm just wondering if that's just going to provide the GNWT employees with some ammunition when it comes time to negotiate their new public service agreements in the upcoming year. Will this \$1 million that we get out of these changes be offset by I'm sure the changes in the public servants' collective agreement, and in the next round of negotiations will equate to much more than that insofar as getting income increases with GNWT employees? I'm just wondering if that had been considered over the long term, and what effect that would have. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Villeneuve. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, trying to give you the exact figure of how many of the employees are GNWT employees that would fall into that bracket, there are probably a significant amount. As to the actual going forward, there are a number of factors that would come into play as a government how we would go forward, in either a negotiation setting or just in our cost measures that we have to look at going forward. But it's hard to try to estimate or predict what might be on the table and what issues are there, the type of increase they will use. The cost of living will be a factor. It is just about in every set of negotiations we have that come up. So to a degree, yes, this will impact. I know from my previous experience as a Member of the public service, that it was something that was considered when you sat down and did your votes as a union member going forward. But unfortunately, again, with our fiscal situation, looking at what options we have, we're taking a look at all our sources. As we go forward we'll have to look at all those areas of belt tightening that we have yet to do. So it's difficult right now to say what potentials are out there when it comes to that negotiation setting.

In the budget we just dealt with as an assembly, actually a lot of the forced growth is due to a three percent increase for this fiscal year. So that's something we've had to deal with and as new negotiations come on, government will have to look at how we can try to ensure that we're living within our means. Again, it's difficult to put all the pieces on the table and try to predict what will happen. We know that the cost of living is a factor that plays a role in how much of an increase our union members would be looking to get. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Roland. Mr. Villeneuve.

MR. VILLENEUVE: Thank you, Mr. Chairman. I guess as everybody in the room is well aware, over the past couple of weeks when we were going over the budgets, that forced growth consumes millions and millions of government dollars that we have to deal with. A lot of points came up by a lot of Members saying that maybe we should put some belt tightening measures on forced growth. Something like this tax initiative, although it's regrettable that I would have to support something like this, I know that our fiscal framework taken into consideration is something that we're just going to have to do.

All I'm just wondering and I'm really concerned about is the amount of leverage that a taxation increase like this is going to put in the hands of the Public Service Alliance. Any three percent forced growth right across the board on the GNWT, in the GNWT books, equates to a lot more than \$1 million a year. So I don't want to throw caution to the wind I guess, but I just want to let the Minister know that something like this could have some real high impacts as far as coming back to us and everybody in the PSA saying we're paying more taxes and we need more money. You're the ones who increased the cost of living for us. Something like that concerns me because I think just the forced growth alone in the government is just exorbitantly high. I think this will add to that forced growth and give them more reason to say we need more money because of these new tax initiatives, which ultimately affect I would say a high percentage of the GNWT employees because of the fact that in that tax bracket I know a lot of private individuals and small businesses don't even make near \$80,000 a year. Ultimately anybody who is in the government I think would probably be at the \$60,000 to \$70,000 after just a few years in the government. I'm just wondering, just a point of concern, I guess, that maybe...

CHAIRMAN (Mr. Pokiak): Mr. Villeneuve, can you keep your comments towards Bill 3, please.

MR. VILLENEUVE: Sure. Thank you, Mr. Chairman. Like I said, it's just some cautionary measure that we should consider before looking at any more tax increases such as this.

But regrettably, like I said, I will be supporting the bill because I don't think it's a whole lot of dollars we're talking about. That's all I have to say. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Villeneuve. Mr. Roland, would you like to comment?

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, looking at the big picture and potential impacts as a result of this increase and some of the comments the Member said about our public service within the Government of the Northwest Territories, right now the Government of the Northwest Territories, through its own staff and through staff who are hired through the health boards and education boards, we're paying in the area of \$400 million a year in wages and benefits to those employed with the Government of the Northwest Territories and delivering the programs and services for us. So when you look at that picture and take \$1 million in comparison to that, it's a very small percentage. That's just government employees. There are many other employees out there in that area. But, yes, we have to look forward in seeing what potential other impacts may result as a sort of reaction to what this does and go forward on that basis. As a government we've tried to limit the impact on residents. We haven't targeted reductions of employees through this budget. We've tried to maintain what we have and move forward so we can continue to deliver the programs and services available to residents at the level that they become accustomed to, as well as meeting our mandatory requirements. So we will take the Member's comments and keep those in our back pockets as we go forward and then seeing how we develop our other scenarios. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Roland. Mr. Villeneuve.

SOME HON. MEMBERS: Detail.

CHAIRMAN (Mr. Pokiak): Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. I will keep this fairly brief, and I'll just go back to some comments that some other Members had in that it's only going to cost a box of doughnuts; \$7.54 a year or whatever. In the Minister's opening remarks, he talks of the basic level of that tax bracket that you'll see an increase of \$7.54. At the beginning of the upper tax bracket of \$110,000, you'll see an increase of \$227. Mr. Chairman, those numbers paint the rosier picture possible. I've done the math on what the government is intending to raise, and if you do the math on that tax bracket; that first tax bracket averages out to \$67.56 per taxpayer. If you go to the highest tax bracket it looks like it averages out to roughly \$780, Mr. Chairman. So I don't know why we don't put all the numbers on the table and call it like it is.

I mentioned earlier, numbers seem to change around here on a weekly basis, and I just want to make sure that the residents of the Northwest Territories and folks who are affected... There are 4,600 taxpayers who are going to be impacted by the decision here to raise the rate on these higher two income tax brackets, and I think they have a right to know what the average taxpayer is going to pay and, Mr. Chairman, it's a heck of a lot more than what's in the Minister's opening comments. Thank you.

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

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Again I agree and respect the Member's position on taxes and tax initiatives, but we are trying to come up with an average. How many people earn \$80,111? How many people earn \$85,000? That bracket from \$108,000 and upward, it's difficult to have an average because that goes from \$108,000 up to \$1 million. There are some people making very large amounts of income in the Northwest Territories. So trying to come up with an average number between those to say this is what the majority of those people, the 900 taxpayers -- I believe that's the figure, 900 taxpayers in that highest bracket -- what the average would be, it tells a very different story and it wouldn't be an accurate one either. So there's an in between there between each category. We would have to go up for \$80,000, for \$88,000, for \$92,000, and as well for \$100,000 forward. In trying to come up with saying 900 people would pay so many dollars when in fact the wages are anything but average when you start looking at those levels.

So I agree; we're giving you scenarios: one of someone who has a taxable income of \$68,000 and somebody who has a taxable income of \$110,000. We could provide many levels of information. When you look at it, somebody with a taxable income of \$88,000 would be paying \$108 a year. Somebody making \$150,000 of taxable income would be paying \$627 a year. So there are scenarios and we could do that, but it's almost going down to the individual taxpayer and what they're able to claim and deduct and so on that really has an impact. I would say using an actual average wouldn't be an accurate way of doing it either. Thank you.

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

MR. RAMSAY: Thank you, Mr. Chairman. If I could, I can agree with the Minister on the upper tax bracket maybe being somewhat difficult to pin a figure on because there really is no upper limit to that. But as some Members tried to equate this tax increase, especially for the second highest bracket, to a box of doughnuts, I think that's not right and it's sending the wrong message out to the taxpayers in that bracket. On average, Mr. Chairman, they're going to be seeing an increase of close to \$70. So it's not a box of doughnuts, it's a utility bill, Mr. Chairman. I think the residents of the Northwest Territories and folks -- and there are 3,700 of them -- at least deserve to be let known that their taxes are going to up on average \$70. Thank you, Mr. Chairman.

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

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Again I would have to disagree with using an average number of saying every taxpayer in between a bracket of \$66,000 of taxable income to \$108,000 of taxable income would be paying that much. The Member is right; there will be a number of people paying between \$7.54 a year to \$100 a year. Again, that fluctuates in between that area. So the more income you make above that taxable limit, you will end up paying more. I agree with the Member, there's going to be a higher impact for those with higher incomes. But, again, just saying an average number, I would have to disagree with. Thank you.

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

MR. RAMSAY: Detail, detail. Thank you.

CHAIRMAN (Mr. Pokiak): Clause by clause?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Bill 3, An Act to Amend the Income Tax Act, No. 2. Clause 1.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Clause 2.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Clause 3.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Clause 4.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Clause 5.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Bill as a whole.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Does the committee agree that Bill 3 is ready for third reading?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Bill 3 is now ready for third reading.

---Applause

At this time I would like to thank the Minister, Mr. Floyd Roland; Rebecca Veinott; Margaret Melhorn; and, Gerry Gagnon. Thank you.

---Applause

What is the wish of the committee? Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. I move that we report progress.

CHAIRMAN (Mr. Pokiak): There is a motion on the floor to report progress. The motion is not debatable. All those in favour? All those opposed? The motion is defeated.

---Defeated

Can I have order here. Would the Minister like to make comments? Does the committee agree to proceed with Bill 4?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): We will proceed. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Supplementary Appropriation Act, No. 3, 2003-2004 requests authority for additional appropriations of \$8.568 million for operation expenditures and \$1.628 million for capital investment expenditures.

Major items included in this request for operations and expenditures are as follows:

1. \$3 million for the Department of Health and Social Services for the following items:
 - \$1.6 million for retroactive increases to compensation for nurses and allied health care professional positions as a result of job re-evaluations.
 - \$806,000 for additional costs associated with a collective agreement for the Hay River Community Health Board.
 - \$600,000 for costs associated with the meningitis C immunization campaign.
2. 1.3 million for the Department of Justice for retroactive increases to compensation for correctional services officer positions as a result of job evaluations.
3. \$514,000 for the Financial Management Board Secretariat for increased costs in the territorial power subsidy program.

The operational funding requests also include: \$1.7 million for grants-in-kind and additional amortization expenses which do not require an outlay of cash; \$46,000 for items that will be funded by the federal government; and, \$300,000 in transfers from capital investment expenditures.

The net funding requirement for operations expenditures is \$6.1 million, which exceeds the 2003-04 supplementary reserve of \$5 million included in the current fiscal framework. As a result, our 2003-04 operating result will be impacted by the million-dollar difference.

Mr. Chairman, I am prepared to review the details of the supplementary appropriation document. Thank you.

CHAIRMAN (Mr. Pokiak): Would the Minister like to bring in any witnesses?

HON. FLOYD ROLAND: Yes, Mr. Chairman.

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

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Can I ask the Sergeant-at-Arms to seat them, and ask the Minister to introduce the witnesses. Thank you.

Thank you, Mr. Minister. Can you introduce your staff?

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, I have with me the secretary to the FMB, Mr. Lew Voytilla.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. General comments. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. One question I think that's fairly brief. The Minister advises that we're going to be exceeding with this supp, the 2003-04 supplementary reserve, and as a result the operating result will be impacted by the million dollar difference. For the record, could the Minister advise what is the normal amount that we would start out with as a reserve? What has caused us to use it all up and, in fact, exceed it? Will the \$50 million adjustment that we've just found out about actually change anything in the operating results? Thank you. I would appreciate some explanation on those points, Mr. Chairman.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, the supplementary reserve set for 2003-04 was \$15 million net, and the announcement of the action of not rebasing by Ottawa doesn't change it, because that deal is for 2004-05. This supp reserve is dealing with the last actions, or until the end of March. So it's dealing with the 2003-04 fiscal year up until March 31st. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Braden.

MR. BRADEN: Okay. So we started with \$15 million, we have now run over that. What were the principle drivers, Mr. Chairman? What caused us to use this \$15 million reserve up in this past year? Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, we would have to look at supp No. 1 and No. 2 which are taking up the lion's share of that and what was approved by the previous government as they dealt with those bills. This one, the additional costs as we've laid out are driven by a number of factors, the large majority of that around operations and maintenance, health and justice, as well. We have the details and we can go through it to see what those drivers are. Supp No. 1 and No. 2 came to almost \$8 million out of supp No. 1 and another \$5 million out of supp No. 2. Again we're coming

with this one at just over \$6 million. So we have exceed that amount of \$15 million, and that is highlighted in the fact that we're still registering a deficit budget of \$79 million as indicated in the main estimates. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. One more point. Is this going to be the last of the adjustments to fiscal 2003-04, or is it possible that we should anticipate yet another adjustment, another supp to the fiscal year that's closing out? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, there's a potential that there could be a further supp as a result of accruals. So it wouldn't be actual past expenditures, but because of accruals if there are some changes there, that would be the reason we potentially could have a further one going forward. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Braden. Thank you. Mr. Menicoche.

MR. MENICOCHÉ: Thank you, Mr. Chairman. Just with regard to this appropriation, I know there was some significant debate in the 13th and 14th assemblies, but I'm just wondering how the regular budget impacts a supp. Does the department have to plead their case that there's absolutely no money in their budget? We're just going through this whole exercise where we do think that there is some money in the departments' budget. So for the Minister, Mr. Chair, what qualifies departments to claim a supp?

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Menicoche. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, first of all, the supp reserve is put in place; for example, in 2004-05 we have established a supp reserve of \$20 million. Departments would have to come forward to Cabinet or to FMB and, as the Member stated, plead their case that in fact they don't have money in the identified area of expenditure. As we approve this budget, departments have allotments for each area of operation, and they are, by our rules, not allowed to spend more than what has been identified. So if a department is aware that they do not have enough, there are a number of things they can do. One is to do transfers from within the department, which still have to be accounted for, still have to go forward and get the approval, but most departments as they build their budgets would look at those and see their requirements for the rest of the year, and based on those decide if in fact they need to come forward for a supp and plead their case. If it is agreed to, then we would approve it in Cabinet and then come forward as we have through the process that the Members are aware of, bringing to committee and then to the House for approval. So a couple of stages. One, each department comes forward if they don't have the money, identifies it, brings it forward to FMB for discussion and approval, and at times we send them back for more detail or turn down the request and tell them to find it from within. Once FMB approves it, then we gather that information after a number of supplementary appropriations have been

made, and bring them forward to the House based on the timelines that are permitted for session. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Menicoche.

MR. MENICOCHÉ: Thank you very much, Mr. Chair. I won't use up the committee's time anymore in procedural matters. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you. Any further comments? Does the committee want to go with the detail?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 5, Legislative Assembly, operations expenditures, office of the Clerk, special warrants, \$155,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$24,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Office of the Chief Electoral Officer, special warrants, \$172,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, special warrants, \$327,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$24,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 6, Executive, operations expenditures, executive offices, Commissioner's office, not previously authorized, \$10,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Cabinet Secretariat, special warrant, \$280,000. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. Could I get information as to what this lawsuit is about, and how much money has gone into this lawsuit so far, and how much is expected to go into it? Thank you.

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

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, this situation started back in January 2000. The Federation Franco TeNOise filed a lawsuit in the federal court claiming that the GNWT, the Legislative Assembly and the Official Languages Commissioner failed and continue to fail delivery of services in French at a level adequate to meet its alleged obligations under the Charter of Rights and Freedoms. So that is what started this process. To date, including what we have estimated for 2004-05, we are looking in the neighbourhood of just over \$800,000. Thank you.

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

MS. LEE: Thank you, Mr. Chairman. I don't know if I can ask any questions on that because I am assuming that litigation is before the courts.

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

HON. FLOYD ROLAND: Thank you, Mr. Chairman. The Member is correct; I would not be able to give any details beyond what I have given now because the matter is still before the courts. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you. Detail. Cabinet Secretariat, \$280,000. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. To this topic of the lawsuit, I appreciate that the matter is before the courts. The Minister indicated that this has been underway for more than four years now. Would he be prepared to advise committee of whether or not we are at all close to a resolution? Can we anticipate that we will be able to see this remedied or resolved in the near future? Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. I am unable to speculate on the matter of what we are looking at in the future in timelines. I am unable to do that at this time. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Braden. Cabinet Secretariat, \$280,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total for executive offices, special warrants, \$280,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$10,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 7, Executive, operations expenditures, Financial Management Board Secretariat, labour relations and compensation services, special warrants, \$233,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$100,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Government accounting, not previously authorized, \$554,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Budgeting and evaluation, not previously authorized, \$134,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total for Financial Management Board Secretariat, special warrants, \$233,000. Mr. Yakeleya.

MR. YAKELEYA: Thank you, Mr. Chairman. This is the special warrant for the negotiations for the UNW positions. These are just from negotiations. Will there be another supp coming if there is a new agreement set for the positions? Will it come to the House again? I want to ask the Minister that, Mr. Chair.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Yakeleya. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. The Member is correct that with the settlement of negotiations and if an agreement is gained from all parties, the final figure would have to come forward through a supp. Right now the existing dollars we have identified are on the existing rates. So we would have to come forward with a supp to identify that. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Yakeleya.

MR. YAKELEYA: Thank you, Mr. Chair. Also, would this show up next year in our business planning?

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Yakeleya. Mr. Minister

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Yes, once that supp is approved because it is an ongoing commitment, it then becomes part of the base of the Department of Health and Social Services. So you would see an adjustment from the 2004-05 mains. There would be revised mains which would incorporate those, and then the estimates for the 2005-06. So it would be wrapped up into the base and forward from there. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Yakeleya.

MR. YAKELEYA: That is all. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Pokiak): Labour relations and compensation services, special warrants, \$233,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$100,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Government accounting, not previously authorized, \$554,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. With this additional half a million dollars, what does this bring the total cost of the power subsidy program to for this fiscal year? Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. We are estimating for 2004-05, \$7.694 million.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. I am just trying to do the math quickly here. It looks like about 15 percent. Are we adding about 15 percent to the previous estimate?

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, the previous estimate was approximately \$7.2 million, so we are probably more in the area of around eight percent of an increase. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Braden.

MR. BRADEN: Alright, thank you, Mr. Chairman. Obviously I am here and Mr. Voytilla is there doing the math. The rate at which this subsidy is increasing has been a concern of mine for some time, and I think in the course of the budget that we just passed we asked the government to come back with ways to help stabilize, look at options to how we can stabilize the cost of this program. It is a good program, but we need to be careful how we manage it. I won't dwell on that anymore, we will be dealing with that hopefully in the very near future.

I would like to ask for the coming year are we anticipating that the cost of this program is going to be more or less stable? Are we looking at 7.7 for the coming fiscal year, or was this a spike or a blip in the forecast? Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, the draft main estimates that we have just dealt with identifies approximately \$8.1 million as the total figure we are counting on. The bulk of those increases that we have been dealing with are based on the rate increases that have come across the board. So we are hoping now that we have come across those and those increases have now been put in the system to be fairly stable. Again, there are a number of factors that would come into play depending on the number of customers that would come in, new customers coming to it and the usage of power. The majority of the bulk of the increase we have seen recently is a direct result of rate increases. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. That is fine, that is all. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Pokiak): Government accounting, not previously authorized, \$554,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Budgeting and evaluation, not previously authorized, \$134,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total for Financial Management Board Secretariat, special warrants, \$233,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$788,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, special warrants, \$513,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$798,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 8, Municipal and Community Affairs, operations expenditures, lands administration, not previously authorized, \$1.462 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, \$1.462 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 9, Public Works and Services, operations expenditures, asset management, not previously authorized, \$62,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, \$62,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 10, Health and Social Services, operations expenditures, program delivery support, special warrants, \$11,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Health services programs, special warrants, \$1.395 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$1.598 million. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. Just a question for clarification. We know that the Minister of Health came and told us that his staff would conduct the immunization campaign, but in the federal budget speech there was some money allocated for the immunization program. I know I asked this question to the Minister of Finance before, but I am not clear as to whether or not we are benefiting from that money, and whether this is just an exercise of moving the money around or is it actually money coming out of the GNWT budget, is it real money? If that is the case, then what has happened with the federal money? Thank you.

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

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, there are some real impacts here in the North as a result of the federal budget, but that is for 2004-05 and doesn't offset the amount that was expended here. There is some money in the federal budget, and I think it is around the \$400,000 figure, but I could be corrected on that. It is not a lot of money, but there are some real dollars coming north for that. Thank you.

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

MS. LEE: I believe in the briefings that the Minister provided, out of the multi-millions that the federal government was allocating, we would be entitled to about \$500,000 of that. My final question is on this immunization program. They are not always scheduled. I do believe that the meningitis question came about because this was going around and there were opportunities for youth and teenagers to be getting together and the Minister felt that it was prudent to immunize them against meningitis. My question is, is there a scheduled and predictable immunization campaign that is going to happen next year? If we don't have anything like that, does that mean that we don't access the federal program? I am sure you can't create a need where one doesn't exist, but I just want to know how we access that program, and is it on an as-needed basis or is it something that we can tap into? Thank you.

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

HON. FLOYD ROLAND: Thank you, Mr. Chairman. I would refer that to the Minister of Health and Social Services for that detail.

CHAIRMAN (Mr. Pokiak): Thank you. Mr. Miltenberger.

HON. MICHAEL MILTENBERGER: Thank you, Mr. Chairman. Mr. Chairman, with regard to the meningitis immunization program, the plan now is to do the yearly immunization that are born in the ready age group. We have made the substantial initial investment; now we want to be able to keep it up and move into what is called a universal program where all of the children are protected, and it will be a lot less costly. It would be built into the daily practice through public health in the communities. Thank you.

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

MS. LEE: One further question to the Minister of Health. I would have thought that we were doing those immunizations anyway, and we were paying that out of our health budget I would think. I don't think anybody in the Territories pays for immunizations, especially babies. Unless I am wrong, I am assuming that they have been getting that treatment anyway. So would this not be a little bit of extra help we are getting to our health budget from the federal government? Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Ms. Lee. Mr. Miltenberger.

HON. MICHAEL MILTENBERGER: Thank you, Mr. Chairman. Some jurisdictions had moved prior to the Northwest Territories to do universal immunization programs for meningitis, provinces like Alberta, because

of the fact that they had outbreaks. It is a very expensive program, about \$40 an immunization. So we did it this year. It came relatively unplanned as a result of the situations in the Sahtu. As the Member noted, we thought it was prudent to do and Cabinet agreed based on our best medical advice. Now we just have to do the annual immunization of the, as they call them, coverts that come through in terms of the age, the young children that are already immunized. That is going to be built into our budget and business plan now that we've made this initial investment.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Miltenberger. Health and Social Services, special warrants, \$1.395 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$1.598 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, special warrants, \$1.406 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$1.598 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 11, Justice, operations expenditures, public legal services, not previously authorized, \$315,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Registries and court services, special warrants, \$330,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$170,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Community justice and corrections, special warrants, \$1.25 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$145,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, special warrants, \$1.58 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Not previously authorized, \$630,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 12, NWT Housing Corporation, operations expenditures, NWT Housing Corporation, special warrants, \$103,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. Could I get some more information on why the Housing Corporation is buying this house and what they are planning to do with this house? Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Ms. Lee. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, this is the remnants of the program that we have in place or had in place and the employee purchased it, a buy-back program, that was started in previous governments. This is the remainder. We have grandfathered those that were already in the system that had agreements that the government would buy back their units once they moved from the community. So we've transferred that responsibility to the NWT Housing Corporation so it's now in their budget and this is following up on one of those commitments that was already remaining. It was already in place, but it used to be called the employee house purchase plan. The remaining grandfathered employees who are in there, slowly as time goes by, will be bought out as the agreement allowed for. So this is one of those that has come up. We will see it from time to time until we conclude all those deals. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. NWT Housing Corporation, special warrants, \$103,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, \$103,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 13, Resources, Wildlife and Economic Development, operation expenditures, environmental protection, not previously authorized \$65,000. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. I am looking at these numbers here and it says \$35,000 for salaries and benefits for the administrator. I don't think you can hire anybody for \$35,000 full time. So I want to know if it's a part-time position. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, that amount equals approximately seven months for the 2003-04 fiscal year.

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

MS. LEE: Thank you, Mr. Chairman. I am going to raise this point. If you look at the budget that we just passed for RWED, there were 489 PYs and we know there has to be some vacancies there, five or 10 percent, which could be up to 40 people. I can't believe that the department with an \$89 million budget and 489 PYs has to get a supp to fund \$65,000. Why could they not fund this from within? Is this a case of just allocating the budget to just clear the books from their money from within?

CHAIRMAN (Mr. Pokiak): Thank you. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, this is not previously authorized, so it's adding to the bottom line of the Department of Resources, Wildlife and Economic Development. Again, because it was midway through the year, it was felt that they did not have the resources in that activity area. So it came forward and was approved and that's why it's in this document. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Not previously authorized, \$65,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. I would like to follow through with a bit more detail on the beverage container recovery program. I am a big fan of it, but I would like to explore a few things that are put before us here. Ms. Lee has already asked about the administrator. I would just like to follow through with some of this other detail. For the \$10,000 listed here, was public education material produced? Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Mr. Minister.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, for that detail, I would have to ask the Minister of Resources, Wildlife and Economic Development to provide that.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Mr. Bell.

HON. BRENDAN BELL: Thank you, Mr. Chairman. I am told that the money was committed and/or expended and there was development of some materials that went out to engage public interest in this. In addition, there is another \$10,000 for the advisory committee. We talked about that a little earlier. I am on the verge of appointing that committee and there has been some preliminary work done, but my understanding is the \$65,000 will have been spent by year end.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Bell. Mr. Braden.

MR. BRADEN: Okay. How many, 30 hours? Twenty eight hours left in the month, Mr. Chairman. Okay. Alright, we still have a day to go, maybe we will play around with this one tomorrow.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Braden. Environmental protection, \$65,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Mr. Yakeleya.

MR. YAKELEYA: Thank you, Mr. Chairman. Will this be in the mains next year, the business cycle?

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Yakeleya. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. This, in fact, will be included in next year's mains as they proceed with the full implementation of the recycling program. Thank you.

CHAIRMAN (Mr. Pokiak): Thank you, Mr. Minister. Environmental protection, \$65,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, not previously authorized, \$65,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 14, Municipal and Community Affairs, capital investment expenditures, land administration, not previously authorized, negative \$300,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Regional operations, \$1.584 million.

SOME HON. MEMBERS: Agreed. Total department, not previously authorized, \$1.284 million.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Page 15, Public Works and Services, capital investment expenditures, asset management, special warrants, \$344,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, special warrants, \$344,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Mr. Villeneuve.

MR. VILLENEUVE: Thank you, Mr. Chairman. Just one quick question on the Public Works and Services. I know the renovations for this office space, is that going to... Oh, okay, I'm answering my own question here, I just didn't read it. I didn't see the Human Rights Commission being in there. I just saw it now. Thank you.

CHAIRMAN (Mr. Pokiak): Asset management, special warrants, \$344,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Total department, \$344,000.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Does the committee agree that the detail has been completed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Bill 4. We will stand down the clauses and deal first with the schedule. Schedule 1.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Schedule 2.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Schedule, supplementary amounts appropriated for the 2003-2004 fiscal year. Part I, vote I, operations expenditures, total supplementary appropriation for operations expenditures, \$8.568 million.

SOME HON. MEMBERS: Agreed.

---Applause

CHAIRMAN (Mr. Pokiak): Part 2, vote 2, capital investment expenditures, total supplementary appropriation for capital investment expenditures, \$1.628 million.

MR. SPEAKER: Can I have the report of Committee of the Whole? Mr. Pokiak.

ITEM 20: REPORT OF COMMITTEE OF THE WHOLE

SOME HON. MEMBERS: Agreed.

MR. POKIAK: Mr. Speaker, your committee has been considering Bill 2, An Act to Amend the Income Tax Act; Bill 3, An Act to Amend the Income Tax Act, No. 2; and, Bill 4, Supplementary Appropriation Act, No. 3, 2003-2004, and would like to report that bills 2, 3 and 4 are ready for third reading. Mr. Speaker, I move that the report of Committee of the Whole be concurred with. Thank you.

CHAIRMAN (Mr. Pokiak): Total supplementary appropriation, \$10.196 million.

MR. SPEAKER: The motion is in order. Do I have seconder for that? Mr. Hawkins seconds the motion.

SOME HON. MEMBERS: Agreed.

AN HON. MEMBER: Question.

CHAIRMAN (Mr. Pokiak): We will stand down the clauses and deal with the first schedule. Clause 1.

MR. SPEAKER: Question has been called. All those in favour? All those opposed? The motion is carried.

SOME HON. MEMBERS: Agreed.

---Carried

CHAIRMAN (Mr. Pokiak): Clause 2.

Item 21, third reading of bills. Mr. Roland.

SOME HON. MEMBERS: Agreed.

ITEM 21: THIRD READING OF BILLS

CHAIRMAN (Mr. Pokiak): Clause 3.

Bill 1: Appropriation Act, 2004-2005

SOME HON. MEMBERS: Agreed.

HON. FLOYD ROLAND: Thank you, Mr. Speaker. I move, seconded by the honourable Member for North Slave, that Bill 1, Appropriation Act, 2004-2005, be read for the third time. Thank you, Mr. Speaker.

CHAIRMAN (Mr. Pokiak): Clause 4.

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

SOME HON. MEMBERS: Agreed.

AN HON. MEMBER: Question.

CHAIRMAN (Mr. Pokiak): Clause 5.

MR. SPEAKER: Question is being called. All those in favour? All those opposed? The motion is carried.

SOME HON. MEMBERS: Agreed.

---Carried

CHAIRMAN (Mr. Pokiak): Clause 6.

---Applause

SOME HON. MEMBERS: Agreed.

Mr. Clerk, orders of the day.

CHAIRMAN (Mr. Pokiak): Clause 7.

ITEM 22: ORDERS OF THE DAY

SOME HON. MEMBERS: Agreed.

CLERK OF THE HOUSE (Mr. Mercer): Mr. Speaker, there will be a meeting of the Accountability and Oversight committee tomorrow morning at 9:00 a.m.

CHAIRMAN (Mr. Pokiak): Clause 8.

Orders of the day for Wednesday, March 31st:

SOME HON. MEMBERS: Agreed.

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

CHAIRMAN (Mr. Pokiak): Bill 4, Supplementary Appropriation Act, No. 3, 2003-2004. To the preamble.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Bill as a whole.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Does the committee agree that Bill 4, Supplementary Appropriation Act, No. 3, 2003-2004, is ready for third reading?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pokiak): Bill 4 is now ready for third reading.

---Applause

At this time I would like to thank the Minister and Mr. Voytilla. Thank you.

There being no further business before the committee I will rise and report progress.

8. Returns to Written Questions
9. Replies to Opening Address
10. Petitions
11. Reports of Standing and Special Committees
12. Reports of Committees on the Review of Bills
13. Tabling of Documents
14. Notices of Motion
15. Notices of Motion for First Reading of Bills
16. Motions
 - Motion 3-15(3), Extended Adjournment of the House
 - Motion 4-15(3), Appointments to the NWT Human Rights Commission
 - Motion 5-15(3), Appointment of Director of Human Rights
17. First Reading of Bills
18. Second Reading of Bills
 - Bill 6, An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act
19. Consideration in Committee of the Whole of Bills and Other Matters
20. Report of Committee of the Whole
21. Third Reading of Bills
 - Bill 2, An Act to Amend the Income Tax Act
 - Bill 3, An Act to Amend the Income Tax Act, No. 2
 - Bill 4, Supplementary Appropriation Act, No. 3, 2003-2004
22. Orders of the Day

MR. SPEAKER: Thank you, Mr. Clerk. This House stands adjourned until Wednesday, March 31, 2004, at 1:30 p.m.

---ADJOURNMENT

The House adjourned at 8:10 p.m.

