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The Honourable Paul Delorey, Speaker

Legislative Assembly of the Northwest Territories

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Box 1320
Yellowknife, Northwest Territories
Tel: (867) 669-2200 Fax: (867) 920-4735 Toll-Free: 1-800-661-0784
<http://www.assembly.gov.nt.ca>

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YELLOWKNIFE, NORTHWEST TERRITORIES**Thursday, February 10, 2005****Members Present**

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

ITEM 1: PRAYER

---Prayer

SPEAKER (Hon. Paul Delorey): Good afternoon, colleagues. Welcome to all our guests in the gallery today. Item 2, budget address. The honourable Minister of Finance, Mr. Roland.

---Applause

ITEM 2: BUDGET ADDRESS

HON. FLOYD ROLAND: Thank you, Mr. Speaker. I just have a short budget address.

---Applause

Mr. Speaker, Members of the Legislative Assembly, people of the Northwest Territories, as I deliver my second budget address, I am pleased to advise this House that the fiscal circumstances of the GNWT are much more positive than when this Legislature met last year.

---Applause

A year ago, as a new government, we faced serious and pressing challenges. We faced significant pressures on government programs and services, resulting partially from the impacts of resource development and economic growth. While this growth provided much needed jobs and investment, it also put significant strains on our infrastructure, on our communities, and on our social fabric in general. At that time, we did not have the fiscal flexibility to make the strategic investments to respond to those challenges.

Our first order of business was to put our fiscal house in order. The second was to consult with northerners so we could set our course for the term of the 15th Assembly. We have done both.

We are now better able to focus on what we want to accomplish as a territory: "self-reliant individuals and families sharing the rewards and responsibilities of healthy communities and a prosperous and unified NWT".

This vision, Mr. Speaker, was developed last May by this Assembly, working in partnership with aboriginal and community leaders. In turn, the government has responded with a long-term strategic plan that sets out the priorities and actions that support the vision and goals of the Assembly.

The budget passed by this Legislative Assembly last year was an important first step in our plan to restore our fiscal sustainability. We limited our spending growth and increased our tax revenues. We were successful in negotiating additional funding for two years under our formula financing arrangements and these negotiations

are ongoing for the longer term. We have also been able to secure funding for other priority areas such as health care and infrastructure development.

Today's budget has two objectives. First, we must make strategic investments in the NWT and its people. Second, we must continue the critical work of ensuring our long-term fiscal sustainability. We cannot achieve one without the other.

This budget supports the work of the Members of this Legislative Assembly towards accomplishing our vision. It also sets out the steps we must take to ensure we do not end up back where we started financially. Fiscal responsibility must be more than just words. Our spending must be responsive to the needs of our residents, but we, as a government, must also spend responsibly.

Mr. Speaker, during the course of developing this budget, I have received many comments and suggestions from Members of this Legislative Assembly. We have also received recommendations from the committees of this Assembly, which have significantly strengthened the budget I present today. I want to thank Members for their constructive comments and input, both individually and through the committee process. It is by working together that we can stay focused on our vision of a self-reliant, prosperous and unified NWT.

Economic Review And Outlook

Mr. Speaker, our economic growth continues unabated. Fuelled by non-renewable resource development, the NWT's real gross domestic product, GDP, is estimated to have grown 79 percent from 1999 to 2004. To put this in perspective, the comparable number for Canada is about 16 percent. We are forecasting that it will grow by a further 10.1 percent in 2005.

This growth is driven mainly by diamond exports, and non-renewable resource development is expected to continue to drive strong economic growth for the foreseeable future. We have come a long way from 1998 when the opening of the Ekati diamond mine started the Canadian diamond mining industry. The NWT is now the world's third largest supplier of rough diamonds by value. Production from the Ekati and Diavik diamond mines was worth \$1.7 billion in 2003 and is estimated to have grown to \$2.1 billion in 2004. The Snap Lake project received final approval last May to become the NWT's third diamond mine. Construction will begin this year and full production is scheduled for 2007.

Mr. Speaker, this government continues to support the development of a Mackenzie Valley natural gas pipeline. We continue to work with aboriginal leaders as we proceed into the next phase of the pipeline development process.

Pre-construction work for the Mackenzie gas project is expected to start in 2006 with pipeline construction scheduled over the period 2007 to 2010. If the Mackenzie gas project is approved, and this work schedule holds, natural gas will begin flowing south from the Mackenzie Delta by the end of this decade.

Other sectors of the economy are also growing, spurred by the various non-renewable resource development projects. Retail trade has increased over \$150 million, or 41 percent, since 1999. Wholesale trade increased 20 percent from 1999 to 2004. Manufacturing shipments have grown from \$22 million in 1999 to an estimated \$63 million in 2004.

Mr. Speaker, the tourism industry is an important part of our renewable resource sector. Tourism, and particularly aurora tourism, is rebounding from the setbacks caused by the terrorist attacks on the United States and the SARS outbreak.

Aurora lights tours have completely recovered and are continuing to grow. Tourists and business visitors contribute \$90 million in direct spending annually into the NWT economy and the tourism industry has the potential to provide an even larger contribution, especially in smaller communities. We need to continue to support the tourism industry in its efforts to market the NWT as a four-season destination.

Economic growth is benefiting NWT residents. As of December 2004, the territorial employment rate, which is the percentage of people over 15 years of age that are employed, was almost 71 percent, the second highest in Canada.

Despite our booming economy, we continue to observe quality of life indicators that are significantly below national standards. The distribution of economic activity in the NWT is not even. The NWT Bureau of Statistics 2004 community survey shows unemployment rates ranging from five percent in Yellowknife to almost 40 percent in some smaller communities. One of the main priorities of this government is to ensure all northerners have the opportunity to benefit from economic development. Economic growth must not only benefit large corporations, it must also benefit the young men and women who call this land home. The development that we are experiencing must result in improved social conditions and help provide a better quality of life for all NWT residents.

It is important to point out, Mr. Speaker, that while the NWT receives some benefits as a result of our economic boom, the rest of Canada benefits even more from our non-renewable resource development. Until we negotiate new arrangements with the Government of Canada, they will continue to receive more than 90 percent of government revenues from non-renewable resource development. Further, the majority of the direct and indirect employment created by resource development would benefit Canadians living outside the NWT. Clearly, the negotiation of an agreement that ensures that northern governments receive a fair share of resource revenues is a critical requirement for continued development in the NWT.

Fiscal Review And Outlook

Turning now to our fiscal situation, Mr. Speaker, I am pleased to report that the negotiated increases in federal transfers and the successful implementation of our fiscal strategy have greatly improved the government's fiscal outlook over last year.

2003-04 Year End Results

Our final numbers for the 2003-04 fiscal year showed an operating deficit of \$65 million, \$13 million less than estimated last March. This was primarily the result of higher-than-expected revenues.

2004-05 Update

Last March we predicted a \$46 million operating deficit for the current fiscal year, 2004-05. I am pleased to advise this House, Mr. Speaker, that we are now projecting a \$44 million operating surplus.

---Applause

The current 2004-05 revenue forecast is \$103 million higher than last year's budget forecast. Higher formula financing grant and health fund transfers account for \$92 million of this increase, but our tax revenues are also estimated to be higher than forecast. Expenditures for the current year are now forecast to be \$14 million higher than budgeted last March. This increase is primarily due to expenditures beyond our control, such as costs incurred for additional fire suppression activity due to a severe forest fire season in 2004.

In short, the strategy we adopted a year ago -- a strategy composed of securing additional revenues under our formula financing arrangements and implementing both expenditure reallocations and limited tax measures -- has been successful.

2005-06 Outlook

Mr. Speaker, this budget holds the line on spending growth. Our 2005-06 operating expenditures are budgeted to grow less than one percent from the 2004-05 Main Estimates. This, combined with increases to the formula financing grant, will produce a budgeted operating surplus of \$49 million for 2005-06.

---Applause

Medium-Term Outlook

As late as last fall, we were forecasting that this government would exceed its authorized borrowing limit of \$300 million by fiscal year 2006-07. I am pleased to announce that the negotiated increases in federal transfers and the expenditure restraint that we are continuing to exercise mean that the GNWT will not exceed its borrowing limit in the medium term. However, our fiscal strategy must take into account the requirement set out by the federal government to repay them the \$290 million corporate income tax overpayment that we received in 2002-03.

Mr. Speaker, the good news on the revenue side is that we have been able to negotiate increased funding in the short term under formula financing. However, our funding arrangements after 2005-06 are uncertain. The new rules for formula financing after 2005-06 will be established

after an Expert Panel on Equalization and Territorial Formula Financing provides recommendations on how funding should be allocated among the three territories. The panel will report in late 2005, which adds uncertainty to our fiscal framework beyond 2005-06.

This uncertainty means we must continue to exercise fiscal discipline. We cannot make expenditure commitments that we cannot finance. Although we have significantly higher revenues than forecast last year, we need to continue with our fiscal plan and meet the expenditure targets we set last year. I say this, Mr. Speaker, because we needed \$46 million to balance the 2004-05 budget and we continue to face forced growth of over \$40 million annually to cope with growing population and inflation.

Fiscal Strategy

Mr. Speaker, in many ways our fiscal strategy can be compared to the operations of a well-managed household. A family would be in dire circumstances if they had to borrow to buy groceries. If they found themselves in this situation and could not earn more income, their only alternative would be to look at how they spend their money. If money is tight, they may need to choose between buying their children toys or new winter coats. Most families make these choices on a daily basis. The GNWT is no different. Our operating expenditures are not fiscally sustainable if we have to borrow to finance them. However, just like a family is prepared to borrow to buy a house if they can afford the monthly mortgage payment, we are prepared to borrow to make necessary capital investments.

---Applause

We do not want to find ourselves in the fiscal situation we faced last March. We must take steps to ensure ongoing fiscal sustainability. Our fiscal responsibility policy is a cornerstone of this budget and our new fiscal strategy.

Our government must invest in programs, services and public infrastructure for NWT residents. The new fiscal responsibility policy sets out the guidelines for how much we can borrow, what we should and should not borrow for, and how we will be held accountable for our borrowing decisions. We are prepared to borrow for infrastructure and other investments. We are not prepared to borrow for day-to-day operating requirements. The fiscal responsibility policy will ensure the government has a coordinated strategy for responsible spending, borrowing and debt repayment.

The NWT requires significant investment in infrastructure. The fiscal responsibility policy establishes an ongoing means of financing that investment. The policy requires that, at a minimum, 50 percent of our annual capital infrastructure investment will be financed by the cash generated from operating surpluses. A maximum of 50 percent of annual capital infrastructure investment will be financed by debt. This means we need to plan for, budget and achieve operating surpluses on an ongoing basis that are sufficient to generate the cash to finance 50 percent of capital investments, as well as make the principal and interest payments on what we have borrowed. Ensuring we have cash operating surpluses sufficient to fund critical capital investments is one of the disciplines we must exercise to be truly fiscally responsible and accountable.

Our fiscal responsibility policy means that we must focus on priority areas and be cautious about ongoing program commitments. This budget limits expenditure growth in 2005-06 to critical new initiatives and forced growth. Our priority initiatives are those that support the goals and the needs identified in our strategic plan.

By restraining spending in 2005-06 we can reduce the likelihood of further major spending reductions. Of course we must also be vigilant to ensure we are spending wisely and achieving acceptable results. Responsible management and sound fiscal stewardship means continually monitoring our expenditures on programs and taking actions to further improve efficiency and results. We must be able to make these decisions without the pressure of a fiscal crisis.

Mr. Speaker, as part of our fiscal strategy we requested that Moody's Investors Service, a respected international rating agency, undertake an independent credit rating for the GNWT. I am pleased to report today that yesterday Moody's announced that it has issued an AA3 credit rating for our Government. This is an excellent rating.

---Applause

This high-grade rating represents an independent assessment of the strength of our economy and recognizes the sound fiscal position and outlook of this government. The rating is built on the commitment to long-term fiscal planning and balanced fiscal outcomes made by the Members of this Legislative Assembly.

Mr. Speaker, as a result of the sound fiscal position of the government and the implementation of the fiscal responsibility policy, I will be asking the Honourable Ralph Goodale to change the current borrowing authority from its arbitrary level of \$300 million to one which reflects this government's capacity to finance debt. We believe affordable debt to be the level at which annual debt payments do not exceed five percent of total annual revenues.

Expenditure Measures

Fiscal sustainability not only means living within our resources but also ensuring that the fundamentals and necessities are in place. That means we spend on priority programs first. Total budgeted expenditures in 2005-06 will grow to \$974 million, an increase of less than one percent from last year. The budget includes \$20 million in forced growth for current programs and services, and \$16 million for new initiatives that will help us achieve the goals set out in our strategic plan. But we are offsetting these increases with expenditure reductions of \$26 million.

When we took office last year, our fiscal situation required strong action to reduce spending. We set a target of reducing spending by \$10 million in 2004-05, \$20 million in 2005-06 and a further \$20 million in 2006-07. Today I am able to report that we have exceeded our reduction goals for 2004-05 and 2005-06 by \$5 million in each year. By making these hard spending decisions early, and with our improved revenue outlook, we have met our short-term expenditure objectives. By remaining aggressive in looking for efficiencies and better ways of doing business we will be able to make strategic investments in areas of priority to the people of the NWT.

SOME HON. MEMBERS: Hear! Hear!

HON. FLOYD ROLAND: In reducing expenditures, we took care to minimize the impact on services to the public. We looked to internal efficiencies and then to areas where the impact would only be felt within the government itself. After that, we looked at where we could reduce service levels or program support that would have minimal impact on the public. However, public impacts will be felt. It is simply not possible to reduce government spending by \$40 million over two years and not have some impact on public services.

Mr. Speaker, there are many unmet social needs in each of our communities and sectors of our economy require more investment. Since 1999-2000, the GNWT has increased base spending on social programming by over \$200 million, or 40 percent, and yet we seem to have only scratched the surface on improving social conditions. Making real social gains will require much more than just money. Control over our own future starts with the individual. It will take acceptance of greater personal and collective responsibility, improved access to educational and economic opportunity, and the resolution of aboriginal rights issues.

Strong Northern Voice And Identity

Mr. Speaker, this Assembly has identified "a strong northern voice and identity" as one of our goals. We continue to work hard to ensure that northern issues remain high on the national agenda. Last December, our Premier, the Honourable Joe Handley, along with Prime Minister Martin and the Premiers of Yukon and Nunavut, launched the development of a comprehensive Northern Strategy framework. This work will build on initiatives and goals set out in the strategic plan and will address joint actions in these areas such as economic growth and jobs, health and education, culture, the environment and Arctic sovereignty and security.

Participation by the GNWT in the announcement and development of the Northern Strategy is based on the principle that any effective, sustainable strategic plan for the North will include an agreement on the transfer of responsibility for northern lands and resources from the federal government to northern governments. Equally important, this transfer must be accompanied by an agreement that makes northern governments the primary beneficiaries of the revenues generated by these northern resources. To this end the Prime Minister has agreed that all parties target this spring for the conclusion of an agreement-in-principle, and 2006 for the conclusion of a final agreement on devolution and revenue sharing.

---Applause

During the negotiation of the Northern Strategy framework, we were also able to negotiate an additional \$40 million in funding for the NWT. It is our view that this funding must be used to address urgent community needs. The timing of this funding is dependent on the passage of the 2005-06 federal budget so we intend to take the next several months to discuss, with Members of this Legislative Assembly, aboriginal governments and other stakeholders, how these funds should be expended.

This budget includes \$355,000 to support initiatives such as the development of the Northern Strategy and \$1.8 million for the continuation of devolution and resource

revenue sharing negotiations. This funding includes a \$500,000 contribution to the Aboriginal Summit for their continued participation in this process. The negotiation of a fair deal on devolution and resource revenue sharing remains a critical priority for this government.

Healthy, Educated People Living In Safe Communities

Over \$695 million of our budgeted operating expenditures are targeted to support social and community programs. This represents more than 70 percent of our expenditures and reaffirms the commitment of this government and Legislative Assembly to the goal of "healthy, educated people living in safe communities, who are able to contribute and take advantage of life's opportunities."

Our health care system continues to face increased demand due to demographic pressures and rising costs. Through the Department of Health and Social Services, the GNWT will spend \$253 million for health and social services programming in 2005-06.

Mr. Speaker, this budget makes significant new investments in the health and welfare of our residents. An additional \$12 million will be invested in existing and expanded health programs and services, including:

- \$1.8 million for supplemental health benefits programs for seniors and residents with specific health conditions such as heart disease and diabetes;
- \$1 million for implementation of the third year of the Mental Health and Addictions Strategy, which will permit the addition of three clinical supervisors and nine mental health worker positions;
- \$907,000 for three new public health units in the Sahtu, Deh Cho and Tlicho regions;
- \$737,000 to help meet the rising costs associated with placing adult residents in southern facilities to ensure they can receive the care they need when it is not available in the NWT;
- \$895,000 to fund eight community demonstration projects as part of the Government's response to the Social Agenda; and
- \$2.8 million for compensation and benefits increases for health care professionals to ensure we continue to remain competitive with the rest of the country.

At last September's First Ministers' meeting, Premier Handley and his provincial and territorial colleagues secured increased funding for health care. This included a health access fund of \$150 million over five years for the three territories to help offset medical transportation costs and to fund long-term health reform initiatives. Because the terms and conditions for the health access fund are not finalized, the revenue and associated expenditures are not included in this budget. The Honourable Michael Miltenberger, Minister of Health and Social Services, will be coming forward later this year with a plan to use this new funding.

Mr. Speaker, achieving success in our education system is a priority for the government. Total spending of the Department of Education, Culture and Employment will be \$245 million in 2005-06. This budget will provide the

Honourable Charles Dent, Minister of Education, Culture and Employment, with over \$3 million to implement new initiatives in our education system including:

- \$742,000 for the services provided by Alberta Learning for the use, scoring, and reporting of Grade 12 diploma exams and Alberta achievement tests taken by our students;
- \$662,000 to implement the fourth and final year of the Bachelor of Science in Nursing Program at Aurora College; and
- \$727,000 to support the continued development and implementation of early childhood immersion programs designed to restore the use of aboriginal languages among young children and their families.

Along with these investments, over \$2 million has been allocated to NWT schools to help meet expenditure pressures.

Our government, aboriginal governments, Aurora College and industry are working together to help northerners access the training they will need to qualify for careers in our growing economy. Last year two major collaborative efforts were announced. The four year Aboriginal Skills and Employment Partnership, or ASEP, projects in support of the oil and gas and mining sectors will train nearly 800 northerners for jobs in these two important sectors. The federal government contributed nearly \$24.8 million to these efforts while the GNWT, aboriginal governments and industry pledged \$28.4 million in in-kind contributions and support from existing budgets. During the next year, the Department of Education, Culture and Employment will work closely with its partners to plan and deliver critical training under the ASEP projects.

While the number of NWT apprentices has increased nearly 20 percent over the past four years, we still need more trained northern tradespersons to meet the demand caused by rapid resource development. We are responding to recommendations made by the Standing Committee on Social Programs, by directing \$480,000 more of the Department of Education, Culture and Employment's training budget for apprenticeship subsidies in 2005-06.

---Applause

As well, the department will develop new high school courses to prepare students for emerging northern occupations.

Mr. Speaker, this budget supports the Assembly's goal of making our communities safer.

The Department of Justice will provide over \$1.4 million to the Royal Canadian Mounted Police for 10 new RCMP positions.

---Applause

Six of these positions will be assigned to detachments in Rae, Yellowknife, Fort Providence and Tuktoyaktuk. A new three-person traffic unit will have two officers based in Hay River and one in Yellowknife. A new dog and handler unit, located in Yellowknife, will serve the entire territory.

To continue the commitment to improve access to legal aid services, \$400,000 has been allocated for the ongoing operations of the new Family Law Clinic. In addition, over \$200,000 has been allocated for the continued public education and training on the Protection Against Family Violence Act.

As further support of justice activities at the community level, an additional \$240,000 will be made available to community justice committees.

Well-Governed, Sustainable Communities

Mr. Speaker, well-governed, sustainable communities and regions are a large part of the vision of the 15th Legislative Assembly and we are committed to delivering on this goal.

The government's Strategic Plan emphasizes the importance of partnerships. Many community governments are looking to partnerships as a creative solution to meeting their infrastructure needs.

Earlier this year, the Honourable Michael McLeod, Minister of Municipal and Community Affairs, announced the new deal for community governments, designed to provide all our communities with the tools and resources they need to operate effectively. Communities have taken on an increasing range of authority and responsibility in recent years and this government recognizes that communities need increased resources and flexibility to exercise these responsibilities.

---Applause

Therefore, we intend to see most community governments become municipal taxation authorities, setting mill rates and directly benefiting from the revenues raised locally, effective in the 2007-08 fiscal year. In response to demands from communities, we will transfer full authority for infrastructure planning and development directly to those community governments who currently receive their infrastructure services through the government's corporate capital planning process. To ensure communities have the support necessary in this endeavour, we will provide formula funding for infrastructure directly to community governments and we will commit that funding levels to community governments will not decrease.

---Applause

This new approach will put decision-making about capital projects where it belongs: at the community level.

---Applause

It will provide communities with a guaranteed funding base that can be used to leverage partnerships, or used as collateral to borrow for infrastructure development.

Given these proposals represent a major change in the way this government does business, we intend to consult with and work with communities to develop transition plans and build capacity. The Department of Municipal and Community Affairs will receive an additional \$1 million in 2005-06 to consult and plan for the use of enhanced funding under the new deal. In addition, this budget contains \$125,000 to establish a centre of expertise for infrastructure financing and leveraging, which will work directly with communities who need technical assistance to find external infrastructure funding opportunities.

Mr. Speaker, I am pleased to announce a number of important measures representing the first steps in implementation of the new deal for community governments.

As an interim measure, beginning April 1, 2005, we will turn over property tax revenues collected within general taxation area community boundaries to those communities. This means an additional \$350,000 in operating revenues for communities in 2005-06.

---Applause

The funding will be provided as an unconditional grant for communities to apply to areas of greatest need.

Effective the 2006 tax year, every local government will have the right to ask that the mill rate within community boundaries be raised if they choose to use property taxation as a way to increase revenues. The revenue from a mill rate increase will go directly to the community that asked for the increase.

For many years our smaller communities have asked for stable capital funding so that they can do better planning. Unfortunately, our fiscal situation has made it difficult to keep up with community infrastructure needs or to provide the certainty that municipal governments have been asking for. The steps this Legislative Assembly has taken to stabilize our own fiscal situation means that we are in a position to address this urgent issue in our communities.

Mr. Speaker, I am pleased that this government will address the infrastructure deficit faced by our community governments. We will establish a stable funding base of \$25 million per year for infrastructure development in our communities, effective April 1, 2006.

---Applause

To meet this target, we intend to increase funding levels for community infrastructure in the current infrastructure acquisition plan by \$13 million in 2006-07, \$15 million in 2007-08, and \$17 million in 2008-09.

The increases to our infrastructure acquisition plan will provide direct benefit to the 27 general taxation area communities who today rely entirely upon the government for infrastructure development.

Mr. Speaker, we also recognize the financial pressures faced by the six larger communities who already operate as municipal taxing authorities. To assist these communities, we intend to provide an additional \$3 million on an annual basis to support infrastructure development in these communities. This funding will also be effective on April 1, 2006.

---Applause

These initiatives are designed to support the new deal for NWT communities. I should also note that our government is working closely with the Government of Canada to ensure that our initiatives will complement emerging proposals by Canada to provide new funding to community governments for infrastructure development through initiatives such as the municipal rural infrastructure fund and gas tax funding. Last week's announcement by the Government of Canada of the gas tax-sharing formula will mean an additional \$37.5 million will flow to NWT communities to be used for

environmentally sustainable infrastructure over the next five years. Once the gas tax fund reaches its full amount in the fifth year, the NWT communities will receive \$15 million annually on an ongoing basis. We are working with the NWT Association of Communities to ensure that these funds will flow in a manner that best meets the needs of our communities.

As the Premier has previously committed, there will be no clawback of new federal funding for community governments.

---Applause

This increased funding, combined with new federal funding, will mean that community governments are more able to respond to local needs.

Finally, I am pleased to announce that the 2005-06 infrastructure acquisition plan has been amended to include \$5.5 million in additional funding that will be provided this year through the Government of Canada's Municipal and Rural Infrastructure Program.

In addition to new initiatives, we recognize that community governments are struggling to cope with inflationary pressures such as rising fuel costs, salary and wage increases and the cost of providing water and sewage services. This budget includes \$2.5 million to help community governments deal with these pressures.

We are also looking at alternative energy sources that will help address the high energy costs faced by all communities and to further our goal to improve the sustainability of our communities. Through the NWT Power Corporation, we are continuing to pursue the development and expansion of our hydro electricity potential. There is reason to be optimistic that one day we will see many benefits from increasing our supply of this cheaper, cleaner power source. The Power Corporation has entered into partnerships with aboriginal businesses to advance these projects.

Mr. Speaker, last week Premier Handley and I met with the Senate Standing Committee on Aboriginal Peoples and it is anticipated that Bill C-14, the legislation ratifying the Tlicho Lands, Resources and Self-Government Agreement, will receive assent in the next few weeks, which will allow its implementation. This agreement is a testament to the evolving relationship between the government and aboriginal governments and will provide a useful guide as we address similar issues in other regions of the NWT.

---Applause

The Beaufort-Delta agenda, an initiative identified in our strategic plan, provides an important foundation for our government's evolving relationship with current and future governments in the Beaufort-Delta region. While work on self-government in the region continues, the agenda provides an immediate opportunity for more local and regional input into decision-making. In the coming year, the government will continue to support and enhance efforts towards realizing the vision and achieving the priorities as laid out in the Beaufort-Delta agenda.

Diversified Economy

Mr. Speaker, one of the goals of the strategic plan is the development of a diversified economy that provides northerners with opportunities and choices. This means creating an environment that allows individuals to seek economic opportunities in communities that are viable and sustainable over the long term. It also means taking action to provide necessary public infrastructure.

The Honourable Michael McLeod, Minister of Transportation, will continue to implement projects under the Canada strategic infrastructure fund. With the help of the 50/50 federal cost-sharing contributions from this program, \$32 million in reconstruction projects on our highway system, including the Mackenzie Valley winter road, are scheduled for 2005-06. This investment includes completion of the reconstruction and paving of the highway between Rae-Edzo and Yellowknife in 2005-06.

---Applause

Progress continues on the public-private partnership to build the Mackenzie River bridge at Fort Providence. The project has received approval from the Mackenzie Valley Environmental Impact Review Board and a final concession agreement with the Deh Cho Bridge Corporation is expected soon, subject to completion of design work. The current schedule has bridge construction starting this year.

---Applause

This government is excited about the international opportunity we have to market the Northwest Territories as a great tourist destination to hundreds of thousands of Japanese and international tourists at Expo 2005 in Aichi, Japan. This budget includes \$500,000 to fund our marketing efforts at Expo 2005.

The Mackenzie gas project is key to the long-term economic development of this territory and we remain firmly committed to ensuring it proceeds in a timely manner. To accomplish this, we have provided additional funding in this budget to support our efforts in this area. These investments include:

- ♦ \$200,000 for additional resources required to review prospecting permits for potential impacts on heritage areas due to increased land use activity;
- ♦ \$110,000 for additional funding to the Aurora Institute for increased licensing of research applications; and
- ♦ \$120,000 for the Bureau of Statistics to provide support in assessing cumulative social and economic impacts of resource development.

In the upcoming year, government departments will continue to work together and with communities to identify and quantify the costs of impacts of pipeline development. This will better position us to address these impacts.

Care And Protection Of The Natural Environment

The strategic plan commits the GNWT to increased transparency and accountability in the environmental and economic development portfolios. In January, the Honourable Brendan Bell, Minister of Resources, Wildlife and Economic Development, announced that on April 1st

the department will be restructured into two new departments. The new departments are reflected in this budget, with a total operating budget of \$52 million for the Department of Environment and Natural Resources and \$35 million for the Department of Industry, Tourism and Investment.

The importance of environmental stewardship and the high value our residents place on the NWT natural resources, especially wildlife, is not in doubt. To prepare for development, the new Department of Environment and Natural Resources will continue important research to gather baseline data in every region on the health and status of various wildlife populations. This budget includes \$275,000 in new funding for the Bathurst Caribou Monitoring Program to ensure that any impacts of increased human activity on the herd can be identified and mitigated. This program will include working with communities to get direct input from harvesters and elders.

Resource development in the NWT has been fast-paced. We will need to focus our resources in areas where they will have the most impact and will play a key role in the environmental assessment process of major developments. The budget includes \$390,000 to address immediate environmental assessment and review requirements. To address regional impacts from development, \$250,000 will be invested in two new regional environmental protection officer positions in Yellowknife and Inuvik.

The development of a system of protected areas in advance of the Mackenzie Valley pipeline project is a key commitment of this government. To meet this commitment, \$1.5 million will be invested over five years to fund the implementation of the NWT Protected Areas Strategy action plan.

---Applause

Infrastructure Investment

Mr. Speaker, our new fiscal responsibility policy requires that we run operating surpluses to fund at least 50 percent of our capital investments. Our expenditure reductions and formula financing grant increases have resulted in budgeted operating surpluses over our three-year planning period. We are, therefore, able to make necessary investments in capital. We are committing to invest \$116 million in 2005-06, including \$8 million not previously planned for in the 2005-06 capital assessment plan.

---Applause

There is a substantial and increasing deficiency in our infrastructure investments. In the past we have put necessary projects on hold to fund our operating expenditure needs. As a first step in addressing this deficiency, we will be investing \$85 million more over the 2005-06 to 2007-08 planning horizon for projects that are desperately needed but were not included in the original 2005-06 planning process.

---Applause

The government's three-year capital investment plan proposes to invest:

- ♦ \$78 million for school replacement and renovation projects;
- ♦ \$48 million for renovations and upgrades to our hospitals and health centres;
- ♦ \$37.2 million for continued improvements to community water and sewer systems;
- ♦ \$22.7 million for replacement, upgrades and capacity increases for community tank farms; and
- ♦ \$9.4 million for new medical equipment for hospitals and health centres.

Although we are making significant progress in closing the infrastructure gap, much remains to be done. Every community in the NWT identifies housing as a critical infrastructure requirement. Whether it is overcrowding in small communities or high rents in larger communities such as Inuvik and Yellowknife, we know that housing issues top the agenda for most communities. The housing problems we face are many and complex. The shortage and cost of residential lots, high utility and operational costs, lack of private investment and mortgage financing, and low community income levels are some of the challenges we face.

These problems will not be solved overnight and the government cannot solve them alone. We must all work together to address them. Economic growth and job creation must increase employment and income levels. Investment in new energy infrastructure must be made to reduce operating costs. Innovations to construction and development financing are required to get capital costs down. Land management and development practices and policies must be adjusted to increase the availability of affordable residential lots. Individuals must also accept as much personal responsibility and initiative as possible to address their families' shelter needs.

The Honourable David Krutko, Minister responsible for the NWT Housing Corporation, will be taking the lead on many of these housing issues. The Minister has recognized that building strong federal-territorial relations is essential in addressing our housing challenges. He has engaged his federal counterpart in one-on-one dialogue on several occasions.

As well, Minister Krutko is directing the Housing Corporation in the revision of its mandate. This will refocus the mandate from being mainly involved in social housing to activities tackling the huge task of addressing the need for affordable and suitable housing. This will better position the Housing Corporation to use opportunities provided by large-scale economic projects. Over the next year, the corporation will be working with our partners to develop the strategy to achieve this broader and critical goal.

Revenue Initiatives

Mr. Speaker, as I mentioned earlier, formula financing arrangements after 2005-06 remain uncertain. We intend to work with the federal government and the Expert Panel on Equalization and Territorial Formula Financing to ensure that new arrangements continue to address our needs after 2005-06.

We also intend to aggressively pursue, in partnership with aboriginal governments, a resource revenue sharing agreement that ensures that northern governments are the primary beneficiaries of northern resource development.

---Applause

We have heard the commitment of the Prime Minister on this matter and look forward to an early resolution of these negotiations.

I am also pleased to announce that we are reintroducing the Risk Capital Investment Tax Credit program, which expired last year. The tax credit gives NWT taxpayers an incentive to invest risk capital in NWT businesses. Starting in 2005, up to \$2 million in tax credits will be available in each of the next three years.

Mr. Speaker, we have worked hard to stay on the fiscal plan set out by the Members of this Legislative Assembly. I am pleased to say that our revenue and restraint efforts mean that this budget includes no new tax increases. Our concerted effort to reallocate expenditures and hold the line on program spending means that tax measures are not necessary.

Conclusion

Mr. Speaker, through prudent long-term planning and a firm commitment to bring expenditures in line with revenues, we have made great strides in putting our fiscal house in order.

Fiscal sustainability, however, is always a work-in-progress and we cannot be complacent in managing our finances. We must continue to exercise fiscal discipline. We must constantly look at how we run our programs and spend our money. We must eliminate inefficiency so we can put our resources where they are needed the most. We must always be vigilant to ensure we are spending wisely. We must put in place policies that ensure we are able to finance the ongoing investments in infrastructure that we need to make. We face many challenges in achieving the goals we have set for ourselves as the 15th Legislative Assembly and we must proceed carefully. However, we are now able to move forward within a framework of fiscal responsibility.

We have a clear vision of where we are going and have mapped out how we will get there. We will move forward by working with federal and other provincial and territorial governments to further the Northwest Territories' contribution to all of Canada. We will invest in the infrastructure that will further grow our economy in a manner that balances social, economic and environmental needs.

Mr. Speaker, the future holds much promise for the people of the NWT. Turning this promise into reality will take focussed and dedicated people who are willing to work together. It is up to the leaders of the Northwest Territories to light the path and lead the way. Qujannamiik, mahsi, thank you.

---Applause

MR. SPEAKER: Thank you, Mr. Roland. That was indeed a long message, but you managed to hold the attention of the complete audience. A job well done. At this time, we

are going to call a recess so we can meet with the Finance Minister out in the Great Hall. So I invite everyone down into the Great Hall for a reception. This House stands in recess and we will reconvene at the sound of the bells.

---SHORT RECESS

MR. SPEAKER: I call the House back to order. Mrs. Groenewegen.

MRS. GROENEWEGEN: Mr. Speaker, I would like to seek unanimous consent to move to recognition of visitors in the gallery on the order paper, please. Thank you.

MR. SPEAKER: The Member is seeking unanimous consent to proceed to item 5 on the order paper, recognition of visitors in the gallery. Are there any nays? There are no nays. We will proceed to recognition of visitors in the gallery. The honourable Member for Hay River South, Mrs. Groenewegen.

ITEM 7: RECOGNITION OF VISITORS IN THE GALLERY

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, I would like to recognize a number of people from Hay River who are here today in the gallery. I am going to go through the names of the people who have been recently laid off by the Department of Justice: Bobbi Hamilton, 35 years of service; Faye Johns, 24 years with the Department of Justice; Ruth Lafferty, 18 years in Justice; Margaret Jerome, 16 years with the GNWT; Drew Thompson, eight years in Justice; a husband and wife team, Andy and Alida McKay. Andy with 13 years with GNWT and Alida with two years in Justice; Brenda McAllister, eight years in Justice; Diana Young, one year in Justice; Renie Squirrel, five years in Justice. Also with them today is Sheila Hackey who has been granted a reprieve, 19 years' service with the Department of Justice, and also their union representative, Kelvin Yee, the Hay River regional vice-president for the UNW. Thank you.

---Applause

MR. SPEAKER: Thank you, Mrs. Groenewegen. Member for Frame Lake, Mr. Dent.

HON. CHARLES DENT: Thank you, Mr. Speaker. Mr. Speaker, there were a number of constituents in the audience earlier, but there are still two who I would like to recognize: Mr. Blake Lyons, who is a councillor and president of the NWTAC; and Barb Wyness with the Union of Northern Workers.

---Applause

MR. SPEAKER: Thank you, Mr. Dent. The honourable Member for Nahendeh, Mr. Menicoche.

MR. MENICOCHÉ: Thank you, Mr. Speaker. I would like to recognize His Worship, the honourable Raymond Michaud, mayor of Fort Simpson. Thank you.

---Applause

MR. SPEAKER: Thank you, Mr. Menicoche. The Member for Deh Cho, Mr. McLeod.

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, I don't often get an opportunity to recognize

visitors in the gallery, so I want to take this opportunity to recognize a number of people. First of all, Blake Lyons, president of the NWTAC, is here with us, and also Yvette Gonzales, the executive director of the NWTAC. They are joining us today. We have the mayor of Enterprise, Winnie Cadieux, here along with Don Gray, the acting SAO. I would like to welcome them here.

---Applause

I would also like to welcome Mayor Raymond Michaud here to the gallery today. I believe we also have Maggi Levavasseur here from Fort Providence, the mayor of Fort Providence, along with the SAO, Albert Lafferty. I would also like to recognize a former constituent, Ruth Lafferty who is here from Hay River. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Thank you, Mr. McLeod. The honourable Member for Tu Nedhe, Mr. Villeneuve.

MR. VILLENEUVE: Mahsi, Mr. Speaker. I would also like to recognize two of my big supporters again, my Mom and Dad and a couple of my former constituents, Margaret Jerome and Andy and Alida McKay. Welcome.

---Applause

MR. SPEAKER: Thank you, Mr. Villeneuve. The honourable Member for Boot Lake, Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, it is indeed a great pleasure to recognize my family who is here in the gallery and a man that helped guide me as a young fellow to where I am today, my father, David Roland, and the woman that stands behind me and keeps me going, my wife, Shawna, and four of my children. There is Samuel...

---Laughter

...stands beside me. Sorry. She is holding me up is the picture I want to portray. All right. There is Samuel, Mitchell, Quincey, and my daughter Courtney. Thank you.

---Applause

MR. SPEAKER: Thank you, Mr. Roland. The honourable Member for Mackenzie Delta, Mr. Krutko.

HON. DAVID KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, it is not too often I get to recognize somebody from my home town, so it gives me great pleasure to recognize Renie Squirrel, who is now living in Hay River. Welcome, Renie.

---Applause

MR. SPEAKER: Item 5, recognition of visitors in the gallery. The honourable Member for Sahtu, Mr. Yakeleya.

MR. YAKELEYA: Thank you, Mr. Speaker. Mr. Speaker, I would like to recognize a good friend of mine, Ms. Bobbi Hamilton and Ms. Johns from Hay River.

---Applause

MR. SPEAKER: Thank you, Mr. Yakeleya. Item 5, recognition of visitors in the gallery. The honourable Premier, Mr. Handley.

HON. JOE HANDLEY: Mr. Speaker, I wanted to recognize Todd Parsons, president of the Union of Northern Workers. Thank you.

---Applause

MR. SPEAKER: Thank you, Mr. Handley. Item 5, recognition of visitors in the gallery. I would also, at this time, like to recognize...It is not too often that I get a number of my constituents visiting us here in the gallery, so I am going to recognize them once more: Faye Johns, Renie Squirrel, Alida and Andy McKay, Drew Thompson, Diana Young, Bobbi Hamilton, and Sheila Ryan-Hackey. Welcome to the House.

---Applause

Any other visitors who are in the gallery that may have been missed, it is nice to have you here. Welcome to the Assembly. We will return to orders of the day. Back to item 3, Ministers' statements. Item 4, Members' statements. The honourable Member for Hay River South, Mrs. Groenewegen.

ITEM 4: MEMBERS' STATEMENTS

Member's Statement On Government Approach To Expenditure Reductions

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, I rise in the House today to speak about this government's approach to expenditure reductions. Mr. Speaker, the budget presented by the Minister of Finance today is far leaner than we have seen for some time, and it is a result of a strategy to achieve a \$20 million reduction. From what I understand about the processes to achieve this target, Mr. Speaker, each department and Minister was initially asked to identify ways to cut their spending in their department by three percent. It was an across-the-board exercise for all departments.

Mr. Speaker, this approach just doesn't make sense to me. All government departments and programs are not equally critical to meeting the needs of our people. It is wrong to treat them as if they were. Some programs, where and how they are delivered, can have serious ramifications. As elected officials, it is our responsibility to manage public funds with principles of good stewardship with the big picture in mind.

The Finance Minister referred to an analogy between our budget and a household budget. I don't think the Finance Minister would approach cutting his personal household budget by a percentage across the board. If he needed to save 10 percent, would it be 10 percent of his heating bill, 10 percent of his phone bill, dentist bill, kids' school supplies, 10 percent off of groceries, 10 percent off of holidays? Of course not. That would be ridiculous. He would prioritize, look at where there were expenditures, where cuts would not negatively erode the wellbeing of the entire household. Likewise, he wouldn't devote resources to prosper one member of his family to the demise and harm of another. He would want to be fair. We need to bring fairness to all people, communities and regions in the North. You wouldn't take programs from one region and give them to another and justify it by saying it had the least impact.

My point, Mr. Speaker, is that we need to use common sense and fairness when looking for budget reductions.

Otherwise, we are going to recklessly dismantle what has taken us years to build and, in the process, hurt people who depend on us to make decisions on their behalf. I will be speaking at length and in detail about some of these reductions in the days ahead. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Thank you, Mrs. Groenewegen. Item 4, Members' statements. The honourable Member for Nahendeh, Mr. Menicoche.

Member's Statement On Municipal Status Of The Village Of Fort Simpson

MR. MENICOCHÉ: Thank you, Mr. Speaker. (English not provided)

Mr. Speaker, there is a song from Sesame Street that goes, "One of these things is not like the others. One of these things just doesn't belong."

---Laughter

It's a simple but sensible approach, Mr. Speaker; one I hope the Minister of MACA will take in looking at Fort Simpson's long-standing request to go back to hamlet status. I think it would become clear to the Minister that the time has come to admit that Fort Simpson just doesn't belong within the tax-based municipalities.

The value of property in Fort Simpson is about \$40 million; the next smallest tax-based community, Fort Smith, has more than twice the tax base, a difference of over \$50 million, Mr. Speaker. By comparison, the difference between Fort Simpson's tax base and the tax base of the Hamlet of Tuktoyaktuk is less than \$2 million. Yet Tuktoyaktuk enjoys the benefit of the more generous municipal funding formula from both the GNWT and the federal government.

Because of its tax base status, Fort Simpson receives a lower level of municipal funding from the GNWT than it would as a hamlet through formula financing. As a tax-based community, it is also treated differently under the new federal partnerships. Cities, towns and villages, unlike hamlets, are expected to match federal dollars along with the GNWT under the one-third/one-third/one-third arrangements. If, like Fort Simpson, a tax-based community does not have the reserves to come up with that one-third share of the money, it is left out of these wonderful new programs, Mr. Speaker.

The village has been trying for years to make a go of it as a tax-based community. The numbers just aren't there. It is time to put Fort Simpson with the Hamlets and Settlements Act where it belongs. Mahsi Cho, Mr. Speaker.

---Applause

MR. SPEAKER: Thank you, Mr. Menicoche. Item 4, Members' statements. The honourable Member for North Slave, Mr. Zoe.

Member's Statement On Federal Tlicho Legislation Passed

MR. ZOE: Thank you, Mr. Speaker. Mr. Speaker, this afternoon I received some very exciting and welcome news, which is that the Tlicho Land Claims and Self-

Government Act has been given third reading by the Senate of Canada.

---Applause

Mr. Speaker, it is hard to express in words how important this day is to the Tlicho people. It is truly an historic moment, not only for the Tlicho but for all the Northwest Territories and Canada. I am sure that years from now, people will be telling their children and their grandchildren where they were when they heard this exciting news.

I am very happy that many Tlicho people -- around 70, I believe -- were there to witness this event. Just a few minutes ago I was speaking to someone in our Treaty 11 office, where everyone is celebrating and have been speaking with people in Ottawa. Right after third reading, Mr. Speaker, there was a tea dance right on Parliament Hill.

Mr. Speaker, I would like to extend my congratulations to all the Tlicho people and especially to our negotiating team who have worked hard on behalf of all of us for many, many years to see this day. To all our people who were able to travel to Ottawa for this historic and happy occasion, I wish you a safe journey back home to your families and I look forward to celebrating with you in the days and weeks to come. Mahsi.

---Applause

MR. SPEAKER: Thank you, Mr. Zoe. That must indeed be a very happy day for your people. Item 4, Members' statements. The honourable Member for Great Slave, Mr. Braden.

Member's Statement On Budget Day Comments

MR. BRADEN: Mahsi, Mr. Speaker. My congratulations, too, to the Tlicho people for their hard earned victory.

---Applause

Today is also budget day here, of course, Mr. Speaker, and in a quick summary here -- keeping score, if you will - - as Minister Roland was reading us the news, I have more points on the good news side of my ballot than on the bad news side, Mr. Speaker.

Just to give a quick response to a couple of the highlights that I've heard, we will take the bad news side, Mr. Speaker. I will keep coming back to the housing agenda. The budget contains some five paragraphs of discussion about problems and issues, but there was nothing in there, Mr. Speaker, there was not one single itemized topic about what is going to be done. How many houses, what kind of an investment are we going to see? About the only concrete thing that we were shown there, was that the Housing Corporation is going to undergo a change in its mandate. But the most pressing social issue has not been addressed in this budget.

Further, Mr. Speaker, while we are on the glad side, seeing a major turnaround in our finances, thank goodness, we are also seeing more uncertainty; continued uncertainty in our ability to govern this Northwest Territories because of our inability to really know what our finances are going to be. Mr. Roland told us that it's going to be at least the end of this year before we know what the results will be of this panel in Ottawa on how our formula

financing is going to work. We are not out of the woods yet.

Mr. Speaker, on the good side we must acknowledge that we have had a \$90 million dollar turnaround in our finances, from a \$40 million dollar deficit forecast we are now at a \$46 million dollar surplus. That is 10 percent of our budget within one year that we could not control. Again it's an illustration of the instability in our financing situation, but that is a piece of good news, and, as well, that we are holding the line on spending. I am very proud to be a part of that administration. I think that is good news for everybody. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Thank you, Mr. Braden. Item 4, Members' statements. The honourable Member for Sahtu, Mr. Yakeleya.

Member's Statement On Comments On The Budget Address

MR. YAKELEYA: Thank you, Mr. Speaker. Mr. Speaker, my statement today will be on the budget address by the honourable Member for Inuvik, Mr. Roland. On the mortgaging of the Northwest Territories, Mr. Speaker, I quote from the Finance Minister in his budget address today, from page 5 under Fiscal Strategy, "However, just like a family is prepared to borrow to buy a house if they can afford the monthly mortgage payment, we are prepared to borrow to make necessary capital investments."

Mr. Speaker, this is a powerful quote from the budget, especially in times like this in the Northwest Territories. We have a tremendous increase on developing our resources in the Northwest Territories. We understand that millions are leaving the North, there is an increase in exploration development and finding the big ticket items such as the Mackenzie Valley pipeline.

Mr. Speaker, we need to get our house in order. Cut the waste, go back to the basics that will ensure that as northerners we can expect a living known to no other place in Canada that we enjoy and can live well in the Northwest Territories.

Mr. Speaker, we are mortgaging our home in the Northwest Territories and like any other families who are in the same situation, a lot of commitments have to be secured, priorities listed, a budget must be developed and followed as closely as possible. Action plans must be developed to be carried out. Long-term planning is part of that vision. Relationships must be built on trust, respect and the ability to deal with the uncertainty.

Finally, Mr. Speaker, we must be willing to mortgage our home on our income, and that, Mr. Speaker, I await this government to bring to this House good news that will happen in the coming months with the federal government. Mahsi.

MR. SPEAKER: Thank you, Mr. Yakeleya. Item 4, Members' statements. The honourable Member for Weledeh, Mr. Handley.

Member's Statement On Birthday Celebration For Mary Louise King

HON. JOE HANDLEY: Thank you, Mr. Speaker. Last night I had the pleasure of attending a birthday party at Aven Manor. The birthday party was for Mary Louise King, a former resident of Tu Nedhe who has lived at the manor for the past few years. Mary Louise doesn't know for sure which day her birthday really is, because she was first registered by the treaty party that went to Fort Resolution in July 1900, and that makes her at least 105 years old.

---Applause

Mary Louise even got up last night and did a little jig.

---Laughter

She's a very alive, spry lady. She spent a lot of her early life in the Reliance area and then later on at Rocher River and Fort Resolution. Eventually she moved to Yellowknife and settled here a few years ago. She was married first to a man by the name of Lafferty and then later on her second marriage was to Francois King Beaulieu. She's pointed out to people that the Francois King Beaulieu she married is the big Francois King Beaulieu, not the little Francois King Beaulieu, because he was a little skinny guy and she wanted to make that clear.

She's also a lady who never wore black. In fact, her grand-niece last night was telling me that this is the first time she's seen her in black. She always considered black to be a colour for old people. I hope the Legislative Assembly will join me in wishing her a very happy 105th birthday. We don't know exactly the day, but it was celebrated last night. I wish her many more birthdays.

I also want to pay tribute to many of the other residents at the Aven Manor. I talked to Art Dodman, Les Rocher, Catherine Turner and a lot of others. Art Dodman told me he watches every day what goes on in here. I'm sure many of them do. I also want to pay tribute to the staff at Aven Manor. They are a great and dedicated group of people who are very much loved by the residents in that manor and I encourage all the Members here to someday visit. There are people from all over the Territories at the manor. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Thank you, Mr. Handley. Indeed a happy birthday to her. An age that probably most of us won't see. Item 4, Members' statements. The honourable Member for Kam Lake, Mr. Ramsay.

Member's Statement On Public Service Salaries And Benefits

MR. RAMSAY: Thank you, Mr. Speaker. Mr. Speaker, I would like to use my statement today to once again draw some attention to an item I feel is often overlooked and underestimated. Seeing as today the Finance Minister delivered his budget address to the Members of this House and the residents of the Northwest Territories, now is as an appropriate a time as ever to discuss the largest expense on our books, and that is the salaries and benefits that we pay to our public servants. I do believe we have a very capable and first-rate public service here in the Northwest Territories, Mr. Speaker. My concern is

the size of that public service and the fact that it eats up close to 40 percent of our annual budget.

SOME HON. MEMBERS: Hear! Hear!

MR. RAMSAY: This is cause for alarm and for some reason the government doesn't seem to be paying attention to this. We have nearly 4,500 employees in a territory with a population of 42,000 individuals. If you do some math and take out the individuals that are under 20 years of age, you come up with one in every 4.5 people who work for the GNWT. The growth goes from 2,750 employees in 1999 to close to 4,500 today. The total costs are up from \$251 million in 1999 to close to \$400 million today.

During the next few months certainly we'll be negotiating with the unions for a new collective agreement. I'm not a fortune teller, Mr. Speaker, but chances are we'll need to pay some more in any new agreement that we get. Where do we suppose this new money is going to come from, Mr. Speaker? What programs and services are going to be affected? What's going to happen here is there's going to be a compounding scenario that's at play and that, if left alone, could cripple the operation of this government at some point in the not-too-distant future, Mr. Speaker.

I would not wish to send off alarm bells of any kind to the hard working public servants that we do have here in the Northwest Territories, with calls for massive layoffs or anything of that nature. What I feel is needed is a plan, and today there is no plan, Mr. Speaker. We continue to grow our public service every year. In fact, it is almost doubled in size from just six years ago. What I would suggest to this government is to take stock of where we are today and develop a plan for the future.

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

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

MR. RAMSAY: Thank you, Mr. Speaker. While the economy is red hot maybe we should look at things like a hiring freeze, early retirement packages and plain old attrition to help us get a handle and grip on where we're headed with our public service. It is only common sense that the more we are spending on salaries and benefits to our employees, the less money will get on the ground for the people and the social agenda here in the Northwest Territories, the people who really need some help and the necessities. I'm talking about nurses, teachers and doctors. We have to know that our priorities are, going forward. As a government, we have to get a plan for the future of the public service here in the Northwest Territories to ensure that we're able to continue to provide the programs, services and support that our citizens will demand of us. I find it hard to fathom how any organization could move ahead, with no plan to address this. Mr. Speaker, I guess today I'm sounding the alarm bells. Thank you.

---Applause

MR. SPEAKER: Thank you, Mr. Ramsay. Item 4, Members' statements. The honourable Member for Tu Nedhe, Mr. Villeneuve.

Member's Statement On Government Payment Policies To Contractors

MR. VILLENEUVE: Mahsi, Mr. Speaker. Mr. Speaker, I rise today to talk about some government financial management policies on payment for services from local contractors, especially from small businesses operating in small, remote communities. I'm sure many of the Members of this House have received or heard similar concerns from their constituents with regard to the 90 days it takes for this government to issue payment for services it receives, although the Financial Administration Manual indicates a 20-day payment schedule for these services.

This three-month delay, Mr. Speaker, can cause the downfall of many small businesses. Simply put, small businesses just cannot afford to carry on with this process because many do not have the AA3 credit rating this government enjoys. To my knowledge, every local business has an obligation to pay for the materials or supplies they require to carry on with their company on the very day that they are received, otherwise the suppliers will not allow the supplies to be delivered.

Mr. Speaker, if this government is supportive of the small business sector of our economy and promotes fair competition for all public tenders it advertises here in the NWT, a policy which will require a more supportive approach to sustainable business development has to be implemented and strictly adhered to by government staff so that these smaller, sometimes newer, private businesses can openly compete for some of the more lucrative tendered items along with the larger, more established businesses with bigger credit and deeper pockets.

Time and time again, Mr. Speaker, I've heard local small businesses being put on the edge of bankruptcy or insolvency because of the length of time it takes them to receive payment from the Government of the Northwest Territories. Many discontinue submitting bids for future projects related to their small businesses because of this fact.

Mr. Speaker, locally owned businesses are a vital part of our economy, especially in the small communities. These local entrepreneurs are the driving force in their community's growth and development and I will be urging this government to consider endorsing a better policy that shows an accurate picture of this Assembly's vision for self-reliant people, communities and the NWT. What better way of doing this than by having this government start with policies that support and safeguard the success of all small businesses of the NWT and of individuals and families many of our smaller communities rely on to provide their families with healthy living and a brighter future for their children. Mahsi, Mr. Speaker.

---Applause

MR. SPEAKER: Thank you, Mr. Villeneuve. Item 4, Members' statements. The honourable Member for Yellowknife Centre, Mr. Hawkins.

Member's Statement On Failure To Employ Northern Teaching Graduates

MR. HAWKINS: Thank you, Mr. Speaker. Mr. Speaker, I wish, like my other colleagues, I could quote from Mr.

Roland's finance budget delivery address earlier today, but, unfortunately, I can't quote what isn't there. That is, we don't have a plan to hire our northern teaching graduates.

Mr. Speaker, we are all well aware of former Premier Kakfwi's grand promise to provide all northern graduates of recognized teaching programs with employment. Well, Mr. Speaker, those were nice words back in those days, which were only a couple years ago, as a priority, but the reality is that those graduates out there are not getting jobs that they were lead to believe they would get when they finished. Mr. Speaker, thank goodness Moody's hasn't done a credit rating on our promises or our priorities because we wouldn't have gotten an AA3 rating for promises.

We've been hearing a lot about how difficult it is to recruit teachers to our northern communities, but it's pretty hard for an average person to understand why our education authorities aren't jumping at the chance to hire our northern grads. Where is the difficulty, Mr. Speaker? Is it a lack of will on the part of the education authorities? Is it a communication gap where the students aren't informed about these available jobs? Or is it the education authorities aren't informed about the available grads? What is the problem, Mr. Speaker?

Mr. Speaker, I can't imagine how discouraging it must be for recent grads of the education programs to see jobs taken up by southern hires and not their northern friends. While the northern grads are getting by, they are getting casual substituting teaching jobs and taking jobs in other fields, and that must be significantly disappointing.

I realize education authorities are responsible directly for hiring their own teachers and employees, but the government has a responsibility to live up to a promise that they made. Where is the action plan to that promise? We need to get our house in order with this particular problem, Mr. Speaker. Somebody has to be monitoring the numbers. Get out there with the education authorities; find out what is really happening and why we are doing this. Are we burying our heads in the sand, or in the snow, in this particular case? Are we pretending that, for this big successful concept of an initiative, the promises were made, are we ignoring that we have something unique to deliver? I think we're failing, Mr. Speaker.

Mr. Speaker, these graduates work hard, very hard to get where they are today. We made a promise to them; they made a promise to want to teach our children here in the North. Is this government letting this promise go by the wayside? Why was this promise never fulfilled? We need to fill our education authorities and implement this promise by using our authority. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Thank you, Mr. Hawkins. Item 4, Members' statements. The honourable Member for Range Lake, Ms. Lee.

Member's Statement On Comments On The Budget Address

MS. LEE: Thank you, Mr. Speaker. Mr. Speaker, I'd like to take this opportunity to make a few comments about the budget that was delivered by the Minister of Finance. First of all, just a general comment. Being part of this

huge bureaucracy of government, I'm sort of jaded to think that it really doesn't matter what one individual thinks and I must tell you when I was listening to this budget I could not believe how much of Floyd Roland I saw in this document and I'm thinking individuals do make a difference. I may be wrong, maybe I shouldn't bet dollars on it, but I think the second paragraph of page 18 probably was personally written by Mr. Roland and probably the last sentence. I'm not going to get into the details of that. I'll get people to look it up.

Anyhow, I just want to say that it speaks to the discipline and hard work that we had to do to get to almost like where we were. Four months ago we were looking at complete pictures and we thought that we had to go to the Assembly rough cut, and it's easy to forget now that we are almost at a status quo budget how hard it was. So I want to acknowledge the work of the Minister and the Cabinet and everybody here for coming up with a budget that's not as bad as it could have been.

AN HON. MEMBER: Hear! Hear!

---Applause

MS. LEE: Oh, my God, that is such a compliment. Mr. Speaker, I know that this is not a comfort to those who are adversely affected by this budget and I want to acknowledge that as well, but I cannot just stop with a compliment. I do want to give another assignment to the Minister of Finance who has done a fine job in coming up with a budget for this round. One thing that I want to see more of next year is that we enhance the money for education. One thing I noticed on page 10, it mentions a very brief statement about changing the curriculum for trade in our schools, in high schools, but I think we need to go further than that. I think it's time that we revisit the PTR ratio. We went from 18 to one to 16 to one and that is an improvement, but it was an improvement from something that was very bad because, before that, we were at a lot lower rate. So I would like to challenge the Minister of Finance to try to go to 14 to one in the foreseeable future.

The second thing I would like to see is additional special needs funding. Mr. Speaker, in the last government we increased that funding from eight percent of the total budget to 15 percent. Mr. Speaker, may I seek unanimous consent to conclude my statement?

MR. SPEAKER: The Member is seeking unanimous consent to conclude her statement. Are there any nays? There are no nays. You may conclude your statement, Ms. Lee.

MS. LEE: Thank you, Mr. Speaker. The Minister of Education is well aware of this. We did improve the funding for special needs to 15 percent, but it's not anywhere near enough because I think even a layperson's observation will show that there is a lot more need for special needs funding right across the board in the Territories and 15 percent is not enough. I would like the Minister of Finance to work on getting 20 percent. I support the government's move to try to fund kindergarten full time because I think that would lessen the pressure on the budget, and I believe that if we do this we could have a better chance of funding trade schools and trade programs in high school that would better prepare our students to take up the occupations that are opening that are mentioned on page 10 of the budget. I will just

conclude there with the assignment for the Minister next year and I look forward to debating this budget in detail for the next week or 10 days. Thank you.

---Applause

MR. SPEAKER: Thank you, Ms. Lee. Item 4, Members' statements. The honourable Member for Inuvik Twin Lakes, Mr. McLeod.

Member's Statement On Long Service Awards In The Inuvik Region

MR. MCLEOD: Thank you, Mr. Speaker. Recently, Mr. Roland, Mr. Krutko and myself had the privilege of attending the Inuvik Regional Health and Social Services long service awards. With so much talk these days of trying to recruit and retain health care professionals, it was encouraging to see so many people honoured for the service that they have provided to the regions. Honoured for 10 years, Mr. Speaker, were Jacqueline Doucette, Lucy Geno-Heath, Julie Rivard, Agnes Allen, and Michelle Lennie. Honoured for 15 years' service, Mr. Speaker, were Jane Baryluk, Olive Binder, Pat Grandy, Clara Phillips and Sandra Suliman. Honoured for 20 years were Marion McGinnis, Sheila Mattsen and Joan Cochrane. Also honoured for 25 years of service to the Inuvik region was Barb Lennie.

Mr. Speaker, there were 11 other caregivers from the region who were also honoured and they were acknowledged by their respective MLAs. To those who were born and raised in the NWT and for those who have made their home in the region, we thank you and we're proud of the fact that they have been honoured for the service and care that they provide. Thank you, Mr. Speaker.

---Applause

MR. SPEAKER: Thank you, Mr. McLeod. Item 4, Members' statements. Item 5, reports of standing and special committees. Item 6, returns to oral questions. Item 8, oral questions. The honourable Member for Range Lake, Mr. Ramsay.

ITEM 8: ORAL QUESTIONS

Question 354-15(3): Rapid Growth In The Public Service

MR. RAMSAY: Thank you, Mr. Speaker. Mr. Speaker, I'd like to pick up where I left off with my Member's statement today and that's in terms of the rapid growth of the public service here in the Northwest Territories and I'd like to ask the Minister responsible for the Financial Management Board, the Minister of Finance, what plan, if any, the government has to address the rapid growth of the public service here in the Northwest Territories? I stand up here today as a Yellowknife Member. I know the vast majority of the government jobs are located here in Yellowknife and, again, I wouldn't want to say that I support massive layoffs or anything like that, I'm just talking about other things we might be able to do. Can the Minister of Finance let us know what the plan is to deal with the rapid growth of the public service? Thank you.

MR. SPEAKER: Thank you, Mr. Ramsay. The Minister of Finance, the Honourable Floyd Roland.

Return To Question 354-15(3): Rapid Growth In The Public Service

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, as we go through our exercise as a government, looking at how we spend our money, we look at a whole lot of areas to try to ensure that we don't spend needlessly in areas, but there's always a call for more money in different areas, whether it's NGOs, within government trying to be prepared for a lot of the development that's happening. Through the normal working of each department, when they are given targets, they look internally to see what areas that they can look at reducing before they go out to other areas. So as you will see as we go through this process, there are a number of areas where vacant positions are removed by the attrition that happens within departments when positions are not being filled. So we do some of that. A large part of the growth the Member is talking about is in the area of where we've actually taken on positions that were non-government organization positions before and we've pulled them into the government workforce. So that's one of the reasons for the growth, but I would like to emphasize that the actual numbers of growth from 1999 through 2004 are more in about the 700 position range and I do have a fair bit of detail as to how that happened and I believe I shared that with the Members in the past. Thank you.

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

Supplementary To Question 354-15(3): Rapid Growth In The Public Service

MR. RAMSAY: Thank you, Mr. Speaker. The numbers I am working from come from the public service annual reports from 1992 to 2003. In 1999, Mr. Speaker, it shows the GNWT having a workforce of 2,749. Today, obviously, we are knocking on the 4,500 employee mark. That's where I am getting my numbers.

In addition to that, the total spent on salaries and benefits in 1999 was \$251 million and today, a mere six years later, we are at \$400 million. It is cause for concern. I would like to ask the Minister of Finance where the additional funds might come from to satisfy a new agreement with the union and the collective bargaining that's underway. Thank you.

MR. SPEAKER: Thank you, Mr. Ramsay. Mr. Roland.

Further Return To Question 354-15(3): Rapid Growth In The Public Service

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, information that we provided since division that would include health boards and education boards were more in the range of 3,740 employees in March of 1999. In March of 2004, we were in the area of 4,500 people employed by the Government of the Northwest Territories. A large part of those were in the area of departmental increases, such as 14 percent of the growth in education; 51 percent of the growth in health services; and, agencies like the Housing Corporation and WCB were about 17 percent. We took in a lot of the operations that were outside of the GNWT.

We do have to watch the growth of government. We do have to keep track of that and we can't allow ourselves to continue growing uncontrolled. That's one of the exercises

that we have entered into and that's why you see this budget coming up having a growth of less than one percent compared to this year we are in, 2004-05. So we are doing that. Yes, we do have to be concerned and watch how the budget grows in the area of services. Thank you.

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

Supplementary To Question 354-15(3): Rapid Growth In The Public Service

MR. RAMSAY: Thank you, Mr. Speaker. I thank the Minister of Finance for his reply. I wouldn't debate with the Finance Minister that a lot of the new money that the Government of the Northwest Territories has received in the past while has gone to frontline workers, nurses, teachers and things like that. I wouldn't debate that. It seems to me, in addition to that, when new money comes there are always new positions created or developed. I would like to caution the Finance Minister that to me and many of the residents here in the Northwest Territories, this growth rate in the public service doesn't go unnoticed and it just continues to balloon. As I mentioned in my statement today, there is a compounding effect that at some point in time it could reach a critical proportion and it could cripple the operation that the government undertakes on a yearly basis. I would like to ask the Minister what the plan is going forward. That's the key to this. What is the plan? What is the government's plan on addressing this situation and trying to keep the growth rate under control? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Ramsay. Mr. Roland.

Further Return To Question 354-15(3): Rapid Growth In The Public Service

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, governments from time to time find themselves in a position where they have to look at broad cuts across the board. We, as well, have looked at making some reductions and have implemented reductions and also, through this process we are entering into, are entering into more of the same. At the same time, when residents of the Northwest Territories are calling on us to provide more nurses, more doctors, more teachers, more social workers and they are saying we are not able to address the needs that they are being impacted by in their communities because of the development, for example oil and gas development or the mining development, and they are asking for support, we are trying to be better positioned to help communities and individuals. At the same time, we do have to watch that growth. We don't have, for example, a target of reducing our public service staff by 10 percent. We don't have that. As a government, we look at all options when it comes to building a budget. Anything that's out there, we have to look at depending on our fiscal situation. As we've heard in the past number of months, there are people affected by the fact that we have to look at budget reductions. Thank you.

MR. SPEAKER: Thank you, Mr. Roland. Final, short supplementary, Mr. Ramsay.

Supplementary To Question 354-15(3): Rapid Growth In The Public Service

MR. RAMSAY: Thank you, Mr. Speaker. I will keep this short. I guess I have been in this House and a Member of this Legislature for just over a year and over the course of the last year, I have seen a number of examples where the government has an opportunity to look at streamlining and saving some money and maybe putting some resources in other areas. To me, it just doesn't seem to happen. I would like to ask the Minister of Finance when the government goes through an exercise such as centralizing human resource services and doesn't take a look at the obvious, that being the human resource component, then what are we doing? You have been given ample opportunity to do that, but nobody seems to want to address the human resource component of it. I don't understand why you wouldn't go through an exercise like that and not do that. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Ramsay. Mr. Roland.

Further Return To Question 354-15(3): Rapid Growth In The Public Service

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, I am one of the Members and I have had a fair bit of history with the Government of the Northwest Territories. Quite a number of years ago, we went through the exercise of huge reductions. For example, we got rid of the Department of Personnel and told departments at that time they would have to fund from within and find a way to take care of human resources within their own department. We realize now by being disjointed in that fashion that that is not working. We are not meeting the needs of our own staff, as well as those who would come to the Government of the Northwest Territories looking for services. So we've pulled a plan together, for example, as the Member used, the human resource service centres, and the goal is to get the job done right. Once we've set ourselves up and get the job done right, then we can look at if we are overstaffed. Maybe we will find we are understaffed. What we did in the past does affect how we go in the future. As I stated, at that point we got rid of one department, we told departments to fund from within and right now we are in the process of getting the job done right. Thank you.

MR. SPEAKER: Thank you, Mr. Roland. Item 8, oral questions. The honourable Member for Yellowknife Centre, Mr. Hawkins.

Question 355-15(3): Hiring Northern Teaching Graduates

MR. HAWKINS: Thank you, Mr. Speaker. Mr. Speaker, I am going to direct my question with regard to teaching and graduate placements to the Premier. I feel it was the highest office that made this commitment and it's up to the highest office to fulfil this commitment on hiring northern graduates.

Mr. Speaker, my question to the Premier is since the directive to hiring responsibility for teachers is with the education authorities, what steps has his government taken that these authorities are taking to heart that promise made by this government to hire northern graduates? I want to know what we are doing to assist them to actively recruit our northern graduates into those positions. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Hawkins. The honourable Premier, Mr. Handley.

Return To Question 355-15(3): Hiring Northern Teaching Graduates

HON. JOE HANDLEY: Thank you, Mr. Speaker. This has been a concern of the department for some time because we do invest in northern people to train as teachers. They graduate and in some cases are not easily able to obtain jobs.

We have always made it known to the boards who the graduates are and how they can be contacted. So that's there. We do not do the hiring; it's up to each of the boards. We have a program in place to provide incentives if northerners are hired. As I understand, the Department of Education is now reviewing that program to increase the incentives. Thank you, Mr. Speaker.

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

Supplementary To Question 355-15(3): Hiring Northern Teaching Graduates

MR. HAWKINS: Thank you, Mr. Speaker. I appreciate that extra information by the Premier. I have never heard of the incentive aspect. Mr. Speaker, that still doesn't speak to the crux of the problem. Have the authorities expressed any further problem with hiring northern graduates? Do they not want them? Do they not know that they are out there? What is this incentive? Why aren't they hiring them? I need to know from the Premier today, have they communicated problems as to why they are not hiring these northern grads? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Hawkins. I heard two questions there. Mr. Handley, you can answer one or both.

Further Return To Question 355-15(3): Hiring Northern Teaching Graduates

HON. JOE HANDLEY: Mr. Speaker, we are not aware of any general issues they have with hiring northern teachers. Certainly they could have difficulty with some individual possibly, but, as a whole, there are no known reasons why any board would be finding it difficult to hire this category of teachers. Mr. Speaker, as I said, it may be individual cases that some don't do well on interviews and so on, but I don't think there are any overall reasons. Thank you, Mr. Speaker.

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

Supplementary To Question 355-15(3): Hiring Northern Teaching Graduates

MR. HAWKINS: Thank you, Mr. Speaker. Mr. Speaker, can the Premier tell me from his position what kind of hammer do we have in place to tell these educational authorities to hire our northern students, because we have a policy on our books to hire these northern students? It can either be a hammer or it can be a carrot. I need to know because we have northern students who are graduating from our teaching programs who are working at Extra Foods and other places while southern hires are being hired. So what hammer or carrot is he willing to

commit to today just to solve this problem? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Hawkins. Mr. Handley.

Further Return To Question 355-15(3): Hiring Northern Teaching Graduates

HON. JOE HANDLEY: Mr. Speaker, again, it's up to the boards to do the hiring. We do have a program of incentives. The Department of Education is reviewing those incentives. We would prefer to do it, as the Member calls it, with a carrot rather than with a stick. If we force boards to hire individuals, it is not likely going to be a very happy relationship either for the board or for the individual involved. We don't want to put people in those kinds of situations. We are sure our people are good teachers, they've graduated and we provide incentives that are appropriate to hopefully encourage the boards to achieve what we want which is 100 percent employment in the North for all of our graduates.

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

Supplementary To Question 355-15(3): Hiring Northern Teaching Graduates

MR. HAWKINS: Thank you, Mr. Speaker. Mr. Speaker, I would like to hear today that the Premier will tie that promise to funding all education authorities. I want to hear it clearly that he is tying their funding solely to the fact that they have to do this as a first step. As I see it, we have lost wages by these students who graduated on the promise that they would be hired. Mr. Speaker, will the Premier either withdraw that commitment made by the highest office in this Assembly or promise to fulfil that commitment, one or the other? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Hawkins. Mr. Handley.

Further Return To Question 355-15(3): Hiring Northern Teaching Graduates

HON. JOE HANDLEY: Mr. Speaker, we have a program that provides boards with incentives. The Department of Education is reviewing that to see whether or not more incentive would make a difference. If we feel it will, then the department will proceed with increased incentives to hire northern teachers. Mr. Speaker, because these are boards and they have the authority to do their own hiring, we can't force them, but we can provide appropriate incentives to encourage them and hopefully they will follow the spirit of what we want to do. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Handley. Item 8, oral questions. The honourable Member for Sahtu, Mr. Yakeleya.

Question 356-15(3): Proposed Rent Scale Increases

MR. YAKELEYA: Thank you, Mr. Speaker. Mr. Speaker, today my question is in line with the housing theme and is directed to the Minister of Housing, Mr. Krutko. Mr. Speaker, yesterday I listened to my honourable colleague, Mr. Menicoche, when he questioned the Minister on the rent scale in the Northwest Territories. I have some concerns, Mr. Speaker. I met with some of the elders in Tulita on the 27th of January. They are concerned about the rent scales and the effect it will have on them. They

asked me to question the Minister in terms of the rent scale. Would the Minister consider having a change of heart and rethink the proposed rent scale that would be acceptable to the people in the communities? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Yakeleya. The Minister responsible for the Housing Corporation, Mr. Krutko.

Return To Question 356-15(3): Proposed Rent Scale Increases

HON. DAVID KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, with regard to our seniors who live in social housing or public housing, they will not be affected by this increase. If anything, there won't be an increase because, in most cases, seniors who live in public housing can't pay. With regard to trying to ensure we are fair, we have, through the local housing authorities, individuals or tenant relations officers who work with the elders and explain how this program is going to be laid out and how it's going to affect each one of them. There was also an information package mailed out to each tenant to make them aware if they were going to be affected by this increase and how much the increase would be.

Again, in order to be fair to the seniors and the constituents we have, we have been working along with the seniors' societies to keep them involved. If anything, we have been working with our seniors along with the seniors' societies and through our tenant relations officers in each of our communities. We have also made it clear to seniors and people with disabilities and students that there aren't going to be any increases if they are in those sectors.

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

Supplementary To Question 356-15(3): Proposed Rent Scale Increases

MR. YAKELEYA: Thank you, Mr. Speaker. I thank the Minister for letting this House know the seniors will not be affected by the rent scale. However, when the seniors were talking about the rent scale, they were looking at family members and they were speaking on their behalf. Some people are quite afraid that the rent scale would have some effect on them. However, hearing from the Minister, I am glad to hear that. Would the Minister have his department consider or reconsider a transition phase that would be acceptable for this rate increase in the North? Thank you.

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

Further Return To Question 356-15(3): Proposed Rent Scale Increases

HON. DAVID KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, like I stated, we are working with the tenants. We do have the tenant relations officers in each of our local housing authorities to explain these increases with the clients. They are also going to ensure that if they are going to have financial difficulties with arrears, we are trying to counsel them to tell them how to pay off their arrears such as you can pay it off over a period of time or instead of doing monthly rental payments, do bimonthly payments. There are ways we can work with our clients with regard to social housing and also making them

realize we are trying to find a system that's fair to everyone. We don't want to see anyone go through hardship. We are also working with the clients at the higher end who are paying a large portion of their income towards rent and we want them to get into housing through our access programs so they can become homeowners and move out of social housing. At the end of the day, we are there to work with them; we have programs and people in communities to work with those clients. We are presently doing that.

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

Supplementary To Question 356-15(3): Proposed Rent Scale Increases

MR. YAKELEYA: Thank you, Mr. Speaker. Mr. Speaker, I believe a lot of people in the small communities want to become homeowners and they want to be the owner of a house that they can pass on to their children. Mr. Speaker, it has been a long trend that the small communities have gone through. Moving from social housing and becoming a homeowner is sometimes a new idea. Even though we have this plan of action, it's going to be rough for awhile. So I am asking the Minister to consider this in terms of the numbers he proposed to the House and to Members to maybe have a rethinking of it in terms of having a smoother transition.

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

Further Return To Question 356-15(3): Proposed Rent Scale Increases

HON. DAVID KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, as a corporation, we are considering that in the mandate of the corporation. We realize we have people in the territory who depend on seasonal economies. They don't have full-time jobs. We have to be open minded to find ways of working with these people who may have problems getting a mortgage through the bank. The key to anything is affordability. You have to be able to afford to not only manage your house but also be able to pay down your mortgage and also know that you can afford the mortgage and make those payments. I think what we are seeing now is that we have to be open minded to look at the projects such as working with the private sector but also through our market strategy with regard to market housing and also to design and develop houses in the North that not only meet our standards but also are affordable for our clients to be able to purchase them at the end of the day.

I am open to working with the Members, but, more importantly, working with our clients to try to find ways of getting these houses into communities and making sure that people can afford them at the end of the day and that they are able to live in them. I think you touched on a good word. How do you do a transitional process from going from social housing into private housing? We are working with that. I think the opportunity is there now for us to look at it. We are looking at the mandate of the corporation. That is a perfect place for us to do that.

MR. SPEAKER: Thank you, Mr. Krutko. A short supplementary, Mr. Yakeleya.

Supplementary To Question 356-15(3): Proposed Rent Scale Increases

MR. YAKELEYA: Thank you, Mr. Speaker. Mr. Speaker, I am really encouraged by the Minister's response. I am hoping I am hearing some flexibility in terms of the transition phase of phasing in the rent scales. Again, Mr. Speaker, I am going to ask the Minister, would he consider seriously and strongly the success of this program? Would he give it some thought in terms of after maybe six months do we need to scale back the rent increase to meet his target? He might have to do it an extra year or an extra couple of years. I would ask for that consideration. Thank you.

MR. SPEAKER: Thank you, Mr. Yakeleya. A short answer, Mr. Krutko.

Further Return To Question 356-15(3): Proposed Rent Scale Increases

HON. DAVID KRUTKO: Thank you, Mr. Speaker. Mr. Speaker, if we can make adjustments on how we phase in this program or how we look at what percentages are there, if that is going to make it easier for our clients and also for those people who are trying to make that transition, I am open to looking at those ideas. I think that, as a government, we don't put any hardship on anyone, but I think more importantly we want to work with our tenants and the people who are there to assist them through this process but also assist them to the transition of becoming homeowners. Thank you.

MR. SPEAKER: Thank you, Mr. Krutko. Item 8, oral questions. The honourable Member for Great Slave, Mr. Braden.

Question 357-15(3): Federal Equalization Program Review Panel

MR. BRADEN: Thank you, Mr. Speaker. My questions are for the Minister of Finance, Mr. Roland, and they continue from the information we heard this afternoon on our budget. Mr. Speaker, the area that I would like to explore a little bit relates to our formula financing arrangement with the federal government. We are a billion dollar government. According to the document released this afternoon, almost three-quarters of that, or about \$725 million, will come from Ottawa through the formula financing deal, Mr. Speaker.

Now, this has caused us problems in the past and, through the Department of Finance in Ottawa, there is an agreement now to renegotiate this whole arrangement. The Minister told us, in the budget address, of a panel that has been struck, Mr. Speaker, to set new terms and renegotiate this. I think that is what I would like to frame up a question on here, Mr. Speaker. Could the Minister offer us some explanation of how this new panel is going to affect the future financing in the Northwest Territories? If I could put it down to a relatively straightforward question, are we going to come out ahead with this new approach to our financing deal? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Braden. Minister responsible for the Financial Management Board, the Honourable Floyd Roland.

Return To Question 357-15(3): Federal Equalization Program Review Panel

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, the Member is correct on formula financing. We are, at this time in our life as a government, heavily dependent on transfers from Ottawa, and receive up to 75 percent in any given year of our revenues from the federal government through transfers. We are hoping to turn that around, by the way, but it has been a slow process. The work that has been done recently has been driven by the federal government. Provinces and territories have raised the issue about formula financing and how it wasn't working and meeting the needs that the initial program was set up for.

With that, the Prime Minister and Premiers agreed to have an equalization panel established to review the equalization program and include territorial formula financing in that. We worked from the territories' end to ensure that formula financing was dealt with somewhat separately. A couple of the members from the federal panel will be part of the subcommittee that looks at territorial formula financing. There is another member being appointed from that committee to look at the territorial side of financing.

But it is really up in the air as to what recommendations they may come back with. Their task is to review the existing equalization formula financing program and then come back with some recommendations. We expect them to come back in about 10 months' time. How will it affect own-source revenues? How will it affect taxation or taxation efforts? We are unclear of it, but we will definitely be plugging in to ensure that our points of view are registered. Thank you.

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

Supplementary To Question 357-15(3): Federal Equalization Program Review Panel

MR. BRADEN: Mr. Speaker, when the Minister says that we will definitely be plugging in, does that mean that we have a direct voice on this panel? Some other aspect of this was, are we sharing this with our sister territories, Yukon and Nunavut? Is everybody into the same hopper here, and experiencing the same procedure here? That is where I am going, Mr. Speaker. I am not quite certain just how involved and how close we are going to be to the process and the outcome. Thank you.

MR. SPEAKER: Thank you, Mr. Braden. Mr. Roland.

Further Return To Question 357-15(3): Federal Equalization Program Review Panel

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, when the decision to go ahead on the panel was moved by the federal government, we were asked to supply names to the federal government. We put forward names, along with the Yukon and Nunavut, on the formula financing side. We haven't had confirmation as to the names on that side, that would be plugged in. But from the other side of it, as a government, we will continue to make sure whether it is going to be to the panel as a government or sending our staff to make sure that they are very aware of how we think the formula should work and the impacts that it has had on us as a territory. As

well, with the terms of reference, as they formulate it, when they get together we will be able to try to plug in there. But we continue to work with federal Finance as well as avenues of our own and how we can either make presentations or provide the necessary information to them. Thank you.

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

Supplementary To Question 357-15(3): Federal Equalization Program Review Panel

MR. BRADEN: Mr. Speaker, we have had troubles over the last four or five years here anticipating that we were going to have revenue shortfalls given the growth in our economy and the needs of our social side, we continue to have some pretty aggressive budgets. Every year we were facing a debt wall and doom and gloom. Every year along came some kind of last-minute rescue package for us; thank goodness. But it is not a very good way to govern a place. It is not a great way to run a railroad. What I would like to know is, given the continued uncertainty, we really don't know where our formula financing is going to go after this coming year, 2005-06. What kind of planning measures can we undertake to put together future budgets? We really seem to be in limbo here. I am wondering if the Minister can help us through our next planning stage, Mr. Speaker. Thank you.

MR. SPEAKER: Thank you, Mr. Braden. Mr. Roland.

Further Return To Question 357-15(3): Federal Equalization Program Review Panel

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, part of the transition we went from our formula financing arrangements which we initially looked at extension of a year and then, as a result of the First Ministers' meeting, got into a full-blown process that we are now entering into. That is the equalization panel and territorial formula financing. Part of that process was setting a base or a floor for transfers to the three territorial governments. That is what we have been able to build this budget on. We know, for example, that is what benefited us this year, 2004-05, where we got a little bit more cash. In 2005-06 we have based it on that amount, and we know it will be escalated by 3.5 percent. As well, if this takes longer, then we will have to work with the federal government to continue the existing process and just have the base floor continue to be escalated. We know that in the short term or the long term that is not acceptable. We have to get something permanent in place. Thank you.

MR. SPEAKER: Thank you, Mr. Roland. Final, short supplementary, Mr. Braden.

Supplementary To Question 357-15(3): Federal Equalization Program Review Panel

MR. BRADEN: A short supplementary, Mr. Speaker. Would the Minister be able to release any of the information about the mandate, criteria or baselines that we believe are important to the outcome of this? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Braden. Mr. Roland.

Further Return To Question 357-15(3): Federal Equalization Program Review Panel

HON. FLOYD ROLAND: Thank you, Mr. Speaker. I am aware that the federal government has formulated a draft terms of reference. They haven't been finalized as I am aware, at least I don't have a copy of those. We are plugged in, in a sense, through federal Finance. Once we have that and we are able, from federal Finance, to share those, I would gladly share with Members of this House. Thank you.

MR. SPEAKER: Thank you, Mr. Roland. I would like to at this time just remind Members and Ministers alike of our question period. We have only gone through four Members yet, and we have used up well more than half of our time. I would like to remind Members to keep your questions and supplementaries a little shorter, as well as answers from the Ministers. Item 8, oral questions. The honourable Member for Nahendeh, Mr. Menicoche.

Question 358-15(3): Municipal Status Of Fort Simpson

MR. MENICOCHÉ: Thank you, Mr. Speaker. I will be looking for a short answer from the Minister of MACA.

---Laughter

The song I sang in my Member's statement from Sesame Street, Mr. Speaker, is very old, and it is as old as the issue of hamlet versus village in Fort Simpson. I would just like to ask the Minister of MACA, what is his position on where Fort Simpson belongs in terms of its municipal status with regard to hamlets, or does he see it belonging with the tax-based communities? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Menicoche. The honourable Minister of Municipal and Community Affairs, Mr. McLeod.

Return To Question 358-15(3): Municipal Status Of Fort Simpson

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, I don't think it is my position to side or give my opinion as to where I personally think the Village of Fort Simpson should belong, whether a tax-based or a hamlet. My job as Minister of MACA is to ensure that we have healthy and prosperous communities. If Fort Simpson has a problem with financing in the capacity of village status, I would certainly want to talk to them about it. Thank you, Mr. Speaker.

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

Supplementary To Question 358-15(3): Municipal Status Of Fort Simpson

MR. MENICOCHÉ: Thank you, Mr. Speaker. What is happening is that the honourable Member for Great Slave was talking about formula financing, and that is some of the similar arrangements that our government has with the communities. What has been happening is that it has been reduced quite drastically from \$1.4 million in 2002 to where it is today. I think we are running at \$800,000, and the village cannot run with those drastic cuts in a skeleton budget. I am just wondering how the Minister sees the village capitalizing on the new one-third/one-third/one-

third financing deal that is so good for the communities. Thank you very much, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Menicoche. Mr. McLeod.

Further Return To Question 358-15(3): Municipal Status Of Fort Simpson

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. Mr. Speaker, in the last little while, we have had very good success in negotiating new pools of money for the communities to deal with some of the infrastructure deficit that we are facing. We have had an agreement or we received assurance that the money for the gas taxes is going to be rolled out in a certain way. That formula has been shared with us. We know we are going to get \$37.5 million over the next five years under that program. We also heard today the Finance Minister announce that we will be looking at a base funding for capital for communities of \$25 million. That is going to be starting to roll out the year after. We also have some money being allocated to us through the municipal rural infrastructure funding. This is the only program that requires matching funding at this point. We are looking at ways that we can accommodate some of the need to match the funding through our capital programs. We are trying to make our programs flexible enough so that we can accommodate the requests from the tax-based as well as the non-tax-based. Thank you, Mr. Speaker.

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

Supplementary To Question 358-15(3): Municipal Status Of Fort Simpson

MR. MENICOCHÉ: Thank you, Mr. Speaker. Once again, I would like to go back to see where the department stands on reverting the Village of Fort Simpson back to a hamlet. Recently I was made aware that Fort Simpson will not have the financial capabilities in 10 years to at least increase their tax assessment roll. This growth won't be a factor. I would like to ask the Minister is it his department resisting changing the Village of Fort Simpson to a hamlet? Thank you very much.

MR. SPEAKER: Thank you, Mr. Menicoche. Mr. McLeod.

Further Return To Question 358-15(3): Municipal Status Of Fort Simpson

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. No, Mr. Speaker, we are not resisting. We have entered into discussions. We have initiated a study to look at the pros and cons of hamlet versus village. We want to be able to assure the community that the funding formula is calculated fairly and also that the money is factored in. All of the components that have to be factored in are also fair. This year, 2005-06, we are reviewing our community government funding policy, and we will be looking at all of the different communities to see how this rolls out and see which communities are being affected negatively. We also have committed to the Village of Fort Simpson, and I have had this discussion with the mayor, that we will take the time it requires to look at the formula. We will have a discussion. We will bring in resources to see where there may be a shortfall. If the formula is actually indeed flawed, then we should have a discussion about it and

look at rectifying that. I have made that commitment to the community. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. McLeod. Final supplementary, Mr. Menicoche.

Supplementary To Question 358-15(3): Municipal Status Of Fort Simpson

MR. MENICOCHÉ: Thank you, Mr. Speaker. I believe I know where the flaw in the formula is. It is the line that says village or hamlet, Mr. Speaker. I understand that current legislation does not include a process for cities, towns and villages to change their status to hamlet. Would the Minister be prepared to introduce a bill in this sitting that would amend the legislation to allow Fort Simpson to become a hamlet? Mahsi cho.

MR. SPEAKER: Thank you, Mr. Menicoche. Mr. McLeod.

Further Return To Question 358-15(3): Municipal Status Of Fort Simpson

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. I don't think we would have all our review completed before the end of this session. I would point out, however, to the honourable Member, that the village was operating in the capacity of a village for some time. It has only been in the last while that they have been experiencing some problems. There have been programs to provide subsidy to a number of communities. This community has been one of them. We want to take a good look at it. Let's find out where the problem is. If there is a problem, is it how the village spends its money? Is it the formula? What is causing the shortfall? Then we can move on to the next step from there. I can't say with any certainty right now what that next step is going to be until we take a good look at it. We have a study that has been underway. We have been working at it. We have looked at it. We have seen the first draft. We have provided our input and our comments on it. It has gone back. We are expecting to have the final draft come forward by probably the end of February. I would appreciate if we could just take the time to look at it fairly and make our judgment call from there. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. McLeod. Item 8, oral questions. The honourable Member for Tu Nedhe, Mr. Villeneuve.

Question 359-15(3): Taxation Problems In NWT Communities

MR. VILLENEUVE: Mahsi, Mr. Speaker. My question is directed to the Minister of Municipal and Community Affairs, since he is on a roll here.

---Laughter

I guess it says here in the budget address that the interim measure beginning April 1, 2005, the new deal is going to be rolled out with Municipal and Community Affairs with regard to property tax, revenues collected within the general taxation area of the NWT, which includes 27 communities, Mr. Speaker. I just want to ask the Minister how the new deal that the Minister is going to be bringing out April 1st is going to address the issues that we have in numerous communities of the NWT with regard to outstanding property taxes among a lot of the community

members and any accuracy of a lot of the GTA's current assessment rolls. Thank you.

MR. SPEAKER: Thank you, Mr. Villeneuve. The Minister of Municipal and Community Affairs, the Honourable Michael McLeod.

Return To Question 359-15(3): Taxation Problems In NWT Communities

HON. MICHAEL MCLEOD: Mr. Speaker, I said the new initiative was a good idea, I didn't say it was going to solve all our problems.

Mr. Speaker, we do have a number of communities like Fort Resolution, Fort Liard and Fort Providence where we have concerns raised by the community regarding property taxes and aboriginal rights. A number of things are factored in there. We have offered to these communities to go in, do an assessment; have a team of people go in and do the assessment. Up to now we've been told by the community of Fort Providence not to bother doing that. They don't want our property tax assessment team in that community. We've also been informed by the community of Fort Resolution not to come in and do an assessment there, either. They're not ready to talk about that. They would like to talk about some of the other issues around property tax assessments that MACA is not in a position to discuss. Thank you.

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

Supplementary To Question 359-15(3): Taxation Problems In NWT Communities

MR. VILLENEUVE: Thank you, Mr. Speaker. I guess just like what the Minister has stated that a lot of the communities are not all in tune with this new deal and I'm not sure if they know whether it's a good deal or a bad deal yet. I guess with the inaccuracy of the assessment rolls to date, because there is a nine-year gap between the new roll and the old roll, and the resources to manage these assessment rolls are tasks that the communities are going to require, like the assessors, the administrative staff, the tax collectors, the equipment to print the assessment rolls, the tax notices, the property notices, the appeal processes. All these things are going to be rolled out to the community governments which they say they have to take on themselves. With this additional \$350,000 in operating revenues that they're expecting with these 27 communities -- which equates to about \$13,000 extra per community, Mr. Speaker -- if this government could tell me how these communities are going to manage all of these tasks with the extra \$13,000 that they're supposedly going to be collecting, then I think maybe it's a plan that we should implement in this government as opposed to pouring it on with the community governments and making them figure it out.

I just want to ask the Minister how the Municipal and Community Affairs department plans on assisting and providing resources to the communities so that they will be able to take on this new deal initiative. Thank you.

MR. SPEAKER: Thank you, Mr. Villeneuve. Mr. McLeod.

Further Return To Question 359-15(3): Taxation Problems In NWT Communities

HON. MICHAEL MCLEOD: Thank you, Mr. Speaker. The Member is quite right; there are a number of different components to this whole initiative that we have to work out over the next while. The issue of property taxes being transferred or reverted to the communities in terms of a grant is something that we plan to do in this next fiscal year. We are not planning to change how we collect those fees at this point. The Department of Finance will continue to collect them and we will provide those monies to the communities that they're collected in, in the form of a grant. So we're planning to use our own forces, our own resources that we currently use today. Thank you, Mr. Speaker.

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

Supplementary To Question 359-15(3): Taxation Problems In NWT Communities

MR. VILLENEUVE: Thank you, Mr. Speaker. That satisfies my question on the resources required for this gigantic task for each community. I just want to ask the Minister what plans the government has for the communities that do not want to take this new deal that has been offered to them. Thank you.

MR. SPEAKER: Thank you, Mr. Villeneuve. Mr. McLeod.

Further Return To Question 359-15(3): Taxation Problems In NWT Communities

HON. MICHAEL MCLEOD: Mr. Speaker, I'm trying to figure out which community would turn down money. If the community does not want to take the grant that we provide, that we collected in terms of property taxes, they don't have to. We're not forcing it on anybody. Thank you.

MR. SPEAKER: Thank you, Mr. McLeod. Final supplementary, Mr. Villeneuve.

Supplementary To Question 359-15(3): Taxation Problems In NWT Communities

MR. VILLENEUVE: Thank you, Mr. Speaker. I guess maybe the Minister didn't quite get the question I was trying to get at. I will try to rephrase it. I know there aren't any communities in their right mind that are going to refuse free money, as the Minister referred to it. With this free money, this extra \$350,000 in operating revenue that's going to be flowing to the communities, how is MACA, who is going to be retaining all these other tasks of printing out rolls and doing the appeals process and the tax collection and the administration and all that stuff, going to subsidize their own work into this whole initiative? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Villeneuve. Mr. McLeod.

Further Return To Question 359-15(3): Taxation Problems In NWT Communities

HON. MICHAEL MCLEOD: Mr. Speaker, I'm not sure if I'm understanding the question correctly, but we are doing it already. We're paying for all of what the Member has pointed out with our own sources. Right now, with the transfer of revenues from the property taxes, the communities will enjoy revenues that they don't currently

get and without the burden of the administration for the interim. At some point we'd like the communities to take it on and we will require additional resources, but at this point we are looking at doing it ourselves through the departments of Municipal and Community Affairs and Finance.

MR. SPEAKER: Thank you, Mr. McLeod. Item 8, oral questions. The honourable Member for Hay River South, Mrs. Groenewegen.

Question 360-15(3): Developing A More Responsive Budget

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, I would like to direct my questions to the Minister of Finance. I wish I could get excited about all the good news in the budget, but there are some unhappy things...

---Laughter

There is a lot of good news in the budget and I think everybody knows, including Mr. Roland, that I think he does a very good job. I wouldn't want to be the Finance Minister for any amount of money. I think he did a good job today and some people in the gallery even said...

---Applause

Some people out in the Great Hall today said it was the best budget address they've ever heard. But I've had a few unhappy things happen in my community lately which sort of tempers my excitement about the budget address today.

I'd like to ask Minister Roland, I guess in a broad context, Mr. Speaker, if there isn't something we can add to our process here which would make for more availability of being creative. We're a territory of 42,000 people. We have \$1 billion. If we can find a million or two for some new little initiative, we're all excited about it. Because there are so many things that are already in place, there are so many directions we're already going in and it seems like there's a disconnect between this whole life that exists within departments and how the government operates and what we actually bring to bear on it, it seems like there's a bit of a gap there. It seems like when we sit down to consider things, it's in a very reactive fashion. We can sort of look at exactly what's before us and respond to it. But it doesn't ever seem like there's an opportunity to sit and look at it in the context of we've got a billion dollars, what are our priorities, what would we like to do as this small, little population that lives up here in this vast land mass. I would like to ask the Minister of Finance if he thinks there's anything that could be added to our process that could help us be more responsive to the realities that face our territory. Thank you.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Minister of Finance, the Honourable Floyd Roland.

Return To Question 360-15(3): Developing A More Responsive Budget

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, as a government and as we begin the process of planning for budgets and the budget cycle, there is a lot of work. A lot of it is based on existing programs and services as departments come forward for more money; forced growth, as we call it. As calls are being made on

departments for new programs, those are the areas we call new initiatives, to try to find the money for those. As we set our direction, the fiscal strategy, of trying to reduce the growth of government and keep our spending in check, we have to reprioritize from within. There are initiatives that we do take that are broad across the board to look at what we are doing as a government. One of the things we key in on with the resources we have available is our strategic plan. As we sit down and map that out, we then take that and apply it to the fiscal resources we have with the core programs we have to deliver and try to work something out in that arrangement. At times we look at just broad, across-the-board direction on general reduction cycles or aiming at a five percent reduction across the board. There are times when, as we've brought it forward, we have looked at departments themselves. Ministers responsible for their areas are given a specific target and they come back with how they can best achieve their targets. So we try to be flexible on how we do it and come forward with some broad-based areas.

One of the areas we've started to look at, for example, that I've looked at, is a zero-based funding approach from each department. We haven't got to that scenario just yet. Thank you.

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

Supplementary To Question 360-15(3): Developing A More Responsive Budget

MRS. GROENEWEGEN: Thank you, Mr. Speaker. I think that's an interesting idea and I just hope that we get a chance as 19 Members to do a little bit more strategic planning. The Minister refers to our strategic plan. I think it's too broad. I think it's too high level. I think we're in a rut. I know we need to deliver core services that governments deliver and we have certain mandates and obligations, but I think in terms of how we spend our money we're in a rut. I think there's a lot more good we could be doing. But once something is entrenched, it seems like it would take 40 years to turn it around and do something different with that same money that might be more responsive to the needs of the day. I would like to ask the Minister if there is a way to put that kind of discussion on the agenda when we meet with the Circle of Northern Leaders to put it in the context of zero-based planning and really finding out and soliciting what are the priorities and what are the most pressing needs of the people that we serve. Thank you.

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

Further Return To Question 360-15(3): Developing A More Responsive Budget

HON. FLOYD ROLAND: Thank you, Mr. Speaker. Mr. Speaker, I support the idea of looking at how we attack the budget process cycle, planning, whatever we call it. At the same time, we have to realize that some of these actions also require a lot of initiative and workforce to refocus what they're doing and come up with the numbers that we'd want as Members. Unfortunately, it does take, sometimes, a long time to turn things around. Again, there's to and fro back in the House. Some plans are good, some things are changed. But we're willing to sit down and try to work things through and come up with a way that we can see things. I think it's even better now,

once we get through this process. Once we have set ourselves up and have done so on a good fiscal plan, a healthy fiscal plan, then we'll be better able to do some of that. Thank you.

MR. SPEAKER: Thank you, Mr. Roland. Item 8, oral questions. The honourable Member for Yellowknife Centre, Mr. Hawkins.

Question 361-15(3): Health And Safety Concerns On The Ingraham Trail

MR. HAWKINS: Thank you, Mr. Speaker. Mr. Speaker, I rise with a serious concern with the Department of Resources, Wildlife and Economic Development. Late last summer I had a meeting with a constituent who had brought serious concerns to me about having a legal cabin out along the Cameron River and the fact that people were bulldozing trees down, making roads, shooting guns at their cabin as well as other legal cabins and no one was doing anything about it. No RWED officer would be there, no RCMP officer would be there. Well, much later the Minister's staff comes to me and says it's not their problem to solve this question. They say it's MACA's problem, but they did, thankfully, come up with a map of something. Well, lo and behold, I forward that question to MACA. Months go by. Months, Mr. Speaker. MACA comes to me and says it's not our problem either; it's RWED's problem.

Mr. Speaker, I have health and safety issues where people who have legal cabins, legal rights to be out there, and no one wants to take any responsibility. We can't even get a department to take responsibility. Where is a response to this question that I've been waiting now almost six months for? Simply, who is responsible for the management of those areas? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Hawkins. Minister of Resources, Wildlife and Economic Development, the Honourable Mr. Bell.

Return To Question 361-15(3): Health And Safety Concerns On The Ingraham Trail

HON. BRENDAN BELL: Thank you, Mr. Speaker. It is a complex question. Obviously, it's federal land. There's the Forest Management Act. I have responsibilities under that act. There are issues around the highways out there and what you can and cannot do on highways that fall under DOT. There are MACA issues. There are environmental protection issues. I think it is collectively a problem that we have to come to grips with. It's a very serious issue. I had asked our department to sit down and engage in a dialogue with the RCMP to talk about how we would respond to some of these concerns on the Ingraham Trail because, obviously, much of it is also related to keeping the peace and making sure the safety of people is protected. There aren't a lot of easy answers, but what I think is important is that we work together and establish some protocols to ensure that we are able to deal with some of the issues that the Member has brought forward. Thank you.

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

Supplementary To Question 361-15(3): Health And Safety Concerns On The Ingraham Trail

MR. HAWKINS: Thank you, Mr. Speaker. I truly say thank you, Mr. Minister, yet I'm still waiting for an answer. I asked, when am I going to get a response to this letter. I'm waiting again now, in front of the public. My constituents are waiting. Their safety is an issue. We have people ploughing down trees in reserve areas. Are we going to wait for the chiefs to come say why we're allowing people to destroy our land? Someday that's going to be their land out there. The Minister almost...He said the Department of Justice, DOT. I'm surprised he didn't say Housing and Education have a responsibility over this issue. I'm waiting for that next. When are we going to get an answer to these questions? It's a simple question. Who's responsible for this? We have leased, legal cabins out there and we have people knocking trees down, setting fires, having horrible parties, destroying our territorial lands that are stewarded by the Commissioner. When will I get an answer? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Hawkins. Mr. Bell.

Further Return To Question 361-15(3): Health And Safety Concerns On The Ingraham Trail

HON. BRENDAN BELL: Thank you, Mr. Speaker. If people's lives are at risk, if people's cabins are being burned down, if people are being shot at, being threatened, they obviously have to call the RCMP. I would suggest they do that. In all seriousness, Mr. Speaker, we can sit down and work through some of these issues. The Member is well aware of our legislated requirements and our abilities and areas of responsibility. I think the Member has his response to the question, but, as I've indicated, we've talked to the RCMP and want to make sure that people's lives aren't at risk and that their safety is ensured and we'll continue to do that. But we are looking to establish a protocol for response in that area. Thank you.

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

Supplementary To Question 361-15(3): Health And Safety Concerns On The Ingraham Trail

MR. HAWKINS: Thank you, Mr. Speaker, and I thank the Minister because I can start to feel an answer coming any minute now. I can tell you personally that the RCMP do not go out there. My constituents have phoned when they've heard people shooting at outhouses. Nobody goes. I mean, do we have to wait for an accident to happen? That's why I tried to work six months ago with this department to say let's start identifying the land. This is land right along our highway. This is certainly an area that could be addressed. I've suggested that, geez, let's have land management policies out there. I need an answer. Who's going to monitor this? Is RWED not going to? If you say no, that's fine. Then we have an answer. But we need to make sure people are safe out there. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Hawkins. Mr. Bell.

Further Return To Question 361-15(3): Health And Safety Concerns On The Ingraham Trail

HON. BRENDAN BELL: I would suggest to the Member that the RCMP will respond if people's lives are in danger.

If the Member rejects that, disputes that, we can certainly raise the issue with the Minister of Justice who can take it up with the RCMP. But to my knowledge I have not heard of people whose lives are in danger or that the RCMP has suggested that they're not interested. Obviously it's difficult to respond in a timely manner. It is a fairly long drive to the location the Member is speaking of, but I've never heard of the RCMP suggesting that they're not interested or don't want to. So if that's the case, the Member has brought it to my attention, I can raise that with the Minister of Justice. Thank you.

MR. SPEAKER: Thank you, Mr. Bell. The time for question period has expired. I'll allow Mr. Hawkins a final supplementary. Mr. Hawkins.

Supplementary To Question 361-15(3): Health And Safety Concerns On The Ingraham Trail

MR. HAWKINS: Thank you very kindly, Mr. Speaker. Mr. Speaker, we still need to address the problem by this Minister, which is people are clear-cutting roads from the highway to the water there. How are we going to deal with this? How are we dealing with the garbage being littered along these areas? They're becoming mushroom party spaces. How does this Minister plan to deal with this? This all goes back to the question that I started to ask six months ago when he said it was MACA's problem. Now that MACA says it's RWED's problem, again, whose problem is this that we're going to solve? I'm talking about Commissioner's land. How are we going to solve the garbage, the clear-cutting problems, the people making fires on the side of the road? Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Hawkins. Mr. Bell.

Further Return To Question 361-15(3): Health And Safety Concerns On The Ingraham Trail

HON. BRENDAN BELL: If the Member is aware of specific incidents where he believes the Wildlife Act has been breached or the Forest Management Act or the Forest Protection Act, bring them to my attention if I'm the easiest point of contact, and I'll make sure they're investigated. Thank you.

MR. SPEAKER: Thank you, Mr. Bell. Question period has expired. Item 9, written questions. Item 10, returns to written questions. Item 11, replies to opening address. Item 12, replies to budget address. Item 13, petitions. The honourable Member for Hay River South, Mrs. Groenewegen.

ITEM 13: PETITIONS

Petition 1-15(3): Closure Of Hay River Justice Facilities

MRS. GROENEWEGEN: Thank you, Mr. Speaker. I have two petitions. This is a petition signed by probably about 2,400 people petitioning against of the closure of Dene K'onia and the remand facility in Hay River.

Petition 2-15(3): Letters Of Support For Hay River Justice Facilities

I also would like to file another petition which is letters of support from many communities across the Northwest Territories petitioning on the same issue. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mrs. Groenewegen. Item 13, petitions. Item 14, reports of committees on the review of bills. Item 15, tabling of documents. Item 16, notices of motion. Item 17, notices of motion for first reading of bills. Item 18, motions. Item 19, first reading of bills. The honourable Minister of Finance, Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Speaker. I seek with unanimous consent to proceed with first reading of Bill 19, Appropriation Act, 2005-2006.

MR. SPEAKER: The Member is seeking unanimous consent to proceed with first reading of Bill 19. Are there any nays? There are no nays. You may proceed, Mr. Roland.

ITEM 19: FIRST READING OF BILLS

Bill 19: Appropriation Act, 2005-2006

HON. FLOYD ROLAND: Thank you, Mr. Speaker. I move, seconded by the honourable Member for Weledeh, that Bill 19, Appropriation Act, 2005-2006, be read for the first time. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Roland. The motion is in order.

SOME HON. MEMBERS: Question.

MR. SPEAKER: All those in favour? All those opposed? The motion is carried.

---Carried

Bill 19 has had first reading. Item 19, first reading of bills. Item 20, second reading of bills. The honourable Minister of Finance, Mr. Roland.

ITEM 20: SECOND READING OF BILLS

Bill 19: Appropriation Act, 2005-2006

HON. FLOYD ROLAND: Thank you, Mr. Speaker. I move, seconded by the honourable Member for Weledeh, that Bill 19, Appropriation Act, 2005-2006, be read for the second time.

Mr. Speaker, this bill authorizes the Government of the Northwest Territories to make operations expenditures and capital investment expenditures for the 2005-06 fiscal year. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Roland. The motion is in order. To the principle of the bill.

SOME HON. MEMBERS: Question.

MR. SPEAKER: All those in favour? All those opposed? The motion is carried.

---Carried

Bill 19 has had second reading and is referred to Committee of the Whole. Item 20, second reading of bills. Item 21, consideration in Committee of the Whole of bills and other matters, with Mrs. Groenewegen in the chair.

ITEM 21: CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS AND OTHER MATTERS

CHAIRPERSON (Mrs. Groenewegen): I call Committee of the Whole to order. What is the wish of the committee? Mr. Zoe.

MR. ZOE: Madam Chair, I move that we report progress.

CHAIRPERSON (Mrs. Groenewegen): 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 carried.

---Carried

I will rise and report progress.

MR. SPEAKER: Item 22, report of Committee of the Whole. Mrs. Groenewegen.

ITEM 22: REPORT OF COMMITTEE OF THE WHOLE

MRS. GROENEWEGEN: Thank you, Mr. Speaker. Mr. Speaker, your committee would like to report progress and, Mr. Speaker, I move that the report of Committee of the Whole be concurred with. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mrs. Groenewegen. There is a motion on the floor.

AN HON. MEMBER: Question.

MR. SPEAKER: All those in favour? All those opposed? The motion is carried.

---Carried

Item 23, third reading of bills. Mr. Clerk, orders of the day.

ITEM 24: ORDERS OF THE DAY

CLERK OF THE HOUSE (Mr. Mercer): Orders of the day for Friday, February 11th, at 10:00 a.m.:

1. Prayer
2. Ministers' Statements
3. Members' Statements
4. Returns to Oral Questions
5. Recognition of Visitors in the Gallery
6. Oral Questions
7. Written Questions
8. Returns to Written Questions
9. Replies to Opening Address
10. Replies to Budget Address
11. Petitions
12. Reports of Standing and Special Committees
13. Reports of Committees on the Review of Bills
14. Tabling of Documents

15. Notices of Motion
16. Notices of Motion for First Reading of Bills
17. Motions
 - Motion 25-15(3), Appointment of Chief Electoral Officer
 - Motion 26-15(3), Appointments to Standing Committees and the Board of Management
18. First Reading of Bills
 - Bill 20, Supplementary Appropriation Act, No. 3, 2004 -2005
 - Bill 21, An Act to Amend the Public Service Act
 - Bill 22, An Act to Amend the Education Act, No. 2
19. Second Reading of Bills
20. Consideration in Committee of the Whole of Bills and Other Matters
 - Bill 15, Tlicho Community Services Agency Act
 - Bill 16, Northwest Territories Business Development and Investment Corporation Act
 - Bill 18, An Act to Amend the Territorial Court Act
 - Bill 19, Appropriation Act, 2005-2006
21. Report of Committee of the Whole
22. Third Reading of Bills
23. Orders of the Day

MR. SPEAKER: Thank you, Mr. Clerk. Accordingly, this House stands adjourned until Friday, February 11, 2005, at 10:00 a.m.

---ADJOURNMENT

The House adjourned at 5:07 p.m.