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Speaker: The Hon. Red Pedersen, M.L.A.

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YELLOWKNIFE, NORTHWEST TERRITORIES

THURSDAY, FEBRUARY 11, 1988

MEMBERS PRESENT

Hon. Titus Allooloo, Mr. Arlooktoo, Hon. Michael Ballantyne, Mr. Butters, Hon. Nellie Cournoyea, Mr. Crow, Mr. Ernerk, Hon. Stephen Kakfwi, Mr. Kilabuk, Mr. Gargan, Mr. Lewis, Hon. Jeannie Marie-Jewell, Mr. McLaughlin, Mr. Morin, Mr. Nerysoo, Hon. Dennis Patterson, Hon. Red Pedersen, Mr. Pollard, Mr. Pudluk, Mr. Richard, Hon. Gordon Wray, Mr. Zoe

ITEM 1: PRAYER

SPEAKER (Hon. Red Pedersen): O God, may Your Spirit and guidance be in us as we work for the benefit of all our people, for peace and justice in our land and for constant recognition of the dignity and aspirations of those whom we serve. Amen.

Orders of the day for Thursday, February 11th. Item 2, Ministers' statements. Mr. Allooloo.

ITEM 2: MINISTERS' STATEMENTS

Minister's Statement 2-88(1): British Plans For Trapping Note On Furs

MR. ALLOOLOO: This week, Mr. Speaker, a Member of the British government disclosed a plan to force retailers to alert consumers when their fur products have the pelts of wild animals. Under the plan, labels would have to prominently display a tag that says the fur comes from animals that may have been caught with a steel-jaw leghold trap.

The furs of bobcats, coyotes, lynx, wolf and several species of fox are involved. Pelts from animals raised on fur farms, such as mink, will not have to display similar warnings -- yet.

Mr. Speaker, this plan has very damaging potential to our fur industry. In fact, animal rights groups say they hope the scheme will have the same impact on the fur trade in Britain that a similar directive in 1980 had on the trade in seal pelts.

This latest attack on the livelihood of many of our citizens is just one in a series of damaging blows that we have suffered since 1980. We have constantly been explaining trapping and its importance to our culture and to our economy. Trapping is the only assured, long-term source of livelihood for many of our citizens. But our efforts fall on deaf ears. The actions of foreign governments are especially disturbing to us. We must only wonder what it will take to get our positions totally understood by activists and politicians.

I assure you, Mr. Speaker, that this government will be conveying our total opposition to such actions. Our positions will be communicated to the highest levels of government both at the national and international levels. We have asked the federal Minister of External Affairs to take strong immediate action on our behalf.

In addition, Mr. Speaker, I will be providing all Members with regular information on these issues in the coming days. We will not stand for the devastation of the northern economy and our way of life. Thank you, Mr. Speaker.

AN HON MEMBER: Hear, hear!

---Applause

MR. SPEAKER: Thank you, Mr. Minister. I am pleased at this time to recognize in the gallery the Hon. Dr. Carter, Speaker of the Alberta Legislative Assembly. Welcome, Dr. Carter.

---Applause

Item 2, Ministers' statements. There appear to be no further Ministers' statements. Item 3, Members' statements. Mr. Richard.

ITEM 3: MEMBERS' STATEMENTS

Member's Statement On J.H. Sissons Choir Participation In Winter Olympic Games

MR. RICHARD: Mr. Speaker, next week a group of 46 elementary school students will leave Yellowknife for a special five day visit to Calgary, Alberta, the site of the 1988 Winter Olympic Games. I am speaking, Mr. Speaker, of the J.H. Sissons Elementary School choir, a group of young boys and girls who responded to an invitation that went out to all elementary schools in Canada and the United States of America to participate in the Winter Olympics Youth Music Showcase.

These young students worked very hard and sent in an audition tape to the organizers of the Winter Olympics Youth Music Showcase. In November these young students were notified that they had been one of the very few groups selected from among the many applicants. It was an honour to be chosen. These young people and their choir director are to be congratulated on this achievement.

The total cost of this trip, I understand, is \$42,000; grants totalling \$3500 were received from the Department of Education and the Department of Culture and Communications. The majority of the money was raised by the students themselves and their parents through bottle drives, sales and other projects, and soliciting donations from corporations and service clubs.

Under the direction of choir director Elizabeth Lorenz and pianist John Hanlan these young students will be performing a number of special northern songs including an Inuit song, a Slavey number, two French Canadian songs and a number of songs in English, at the Winter Olympics Youth Music Showcase and other sites in Calgary and Banff. These young students have worked hard for this opportunity and will have a chance to see some of the winter games. They are a wonderful group of young people and have performed recently at the beautiful, wonderful Olympic torch ceremony in Yellowknife. Mr. Speaker, I am sure that Members of this House will join with me in wishing Godspeed to these young people. They will be excellent ambassadors for Yellowknife and for the North.

SOME HON. MEMBERS: Hear, hear!

---Applause

MR. SPEAKER: Thank you, Mr. Richard. Item 3, Members' statements. Mr. Pudluk.

Member's Statement On Capital Budget For High Arctic

MR. PUDLUK: (Translation) Thank you, Mr. Speaker. I got a brief letter from the Government Leader. It is about High Arctic -- that the capital budget for High Arctic is deferred because of the transfer and when I talked with the community by telephone they were not very happy about their capital budget for that region being deferred because they realize that the community up there is not going to run out of people and they would like to keep on bringing more people to their community. For that reason they did not want the capital budget deferred for their region. Even though they move to another community, if some of the people move to the other community there are going to be more coming in their place. There are a lot of people that want to come up to that region. The only reason why they do not go up there is because of lack of housing and if the Legislative Assembly is going to defer the capital budget for that region, it is going to have a high impact on the people of that region. Thank you, Mr. Speaker. I think that is two minutes.

MR. SPEAKER: Thank you, Mr. Pudluk. Item 3, Members' statements. Item 4, returns to oral questions. Ms Cournoyea.

ITEM 4: RETURNS TO ORAL QUESTIONS

Further Return To Question 03-88(1): Abortions In The NWT

HON. NELLIE COURNOYEA: Mr. Speaker, yesterday I was asked two questions by the honourable Member for Aivilik, concerning abortions. First of all, to all the records of this government, there have been no illegal abortions performed in the Northwest Territories. Secondly, Mr. Speaker, on January 28 the Supreme Court of Canada, in a ruling on Morgentaler v. Regina, struck down certain aspects of the Criminal Code dealing with abortion. Specifically, they struck down the necessity of having a therapeutic abortion committee approve an abortion and the necessity of the procedure being carried out in an approved or accredited hospital. Previously, both of these were required or the procedure was considered to be a criminal offence.

The basis of the court's decision was that having a therapeutic abortion committee make the decision on an abortion violated a woman's right to security of her person as approved under the Canadian Charter of Human Rights. In making this decision, the court took the procedure out of the Criminal Code and placed it back under the realm of medical practice.

In the Northwest Territories we have decided that, in compliance with the law, therapeutic abortion committees are no longer required. Abortion is still an insured benefit but to be so, it must be carried out by a licensed, qualified and consenting medical practitioner in an approved and accredited hospital with appropriate equipment and support staff.

We understand that the federal government is considering a new law covering the practice of abortion. The Legislative Assembly will be kept informed on any new development in this matter. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Madam Minister. Returns to oral questions, Item 4. Mr. Alloofoo.

Return To Question 01-88(1): Cape Dorset Museum

HON. TITUS ALLOOFOO: Mr. Speaker, during the question period yesterday, Mr. Arlooktoo asked the Government Leader or the Minister of Economic Development to respond to a letter written to them by Terry Ryan, general manager of the co-op in Cape Dorset. The letter asked for advice on which department of the government to send a submission to concerning development of a suitable building in Cape Dorset to house a museum, visitors centre and library.

For the Member's information, my officials have been in discussion with Mr. Ryan on the matter of planning such a facility. I am advised that he was to send a proposal to us. We have not yet received anything. Because of this, I will follow up on the matter and ensure that Mr. Ryan knows that he should send the Cape Dorset proposal to our department. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Minister. Item 4, returns to oral questions. Item 5, oral questions. Mr. McLaughlin.

ITEM 5: ORAL QUESTIONS

Question 09-88(1): Transfer Of NCPC

MR. McLAUGHLIN: Thank you, Mr. Speaker. I have a question for the Minister responsible for Energy, Mines and Resources. A recent joint communique by the federal Minister of Indian and Northern Affairs and the Minister indicates that the basic principles for the transfer of NCPC have been agreed upon between the two Ministers. They are going to be taking them to their cabinets, both federal and territorial, for discussion and approval. I would like to ask the Minister if this has yet occurred at the territorial cabinet level.

MR. SPEAKER: Madam Minister.

Return To Question 09-88(1): Transfer Of NCPC

HON. NELLIE COURNOYEA: Mr. Speaker. As Mr. McKnight's visit was just recent, I have not had the opportunity to proceed with the document to our cabinet at this time.

MR. SPEAKER: Thank you, Madam Minister. Supplementary, Mr. McLaughlin.

Supplementary To Question 09-88(1): Transfer Of NCPC

MR. McLAUGHLIN: Yes, thank you, Mr. Speaker. I would like to know from the Minister, since this is of great concern to all the communities in the Northwest Territories, what the structure and operation of the corporation will be in the future. Will Members of the Assembly have an opportunity to discuss this before the cabinet makes any final decisions in regard to this? Thank you.

MR. SPEAKER: Ms Cournoyea.

Further Return To Question 09-88(1): Transfer Of NCPC

HON. NELLIE COURNOYEA: Mr. Speaker. Until I take the document to cabinet, it is not an "agreed to" document. Until Minister McKnight takes the document to his cabinet, it is not an "agreed to" document. It is an initialled document in principle and I intend to proceed in taking this to cabinet as soon as possible. I have also mentioned to a number of Members that because Mr. McKnight has requested it, and by the procedures that he has to follow, the document should not be released until after he has the opportunity to gain sanction from his cabinet. But, in the meantime, and immediately upon the first opportunity I have to take it to cabinet, I have also suggested that I would take the opportunity to brief the caucus if it was requested. Thank you.

MR. SPEAKER: Thank you, Madam Minister. Mr. Lewis.

Question 010-88(1): Tabling Of NCPC Transfer Agreement

MR. LEWIS: Since these basic principles have been agreed on and since we have a consensus government, would the Minister therefore table in this Assembly this framework which has been agreed upon by our side in this negotiation? I appreciate that prior to the negotiation it was in the best interest of everyone that the numbers of people involved would be kept small. But, now that the agreement has been made, would the Minister now agree to share that framework with colleagues around this chamber?

MR. SPEAKER: Ms Cournoyea.

Return To Question 010-88(1): Tabling Of NCPC Transfer Agreement

HON. NELLIE COURNOYEA: Mr. Speaker. As I have stated, although the principles have been tentatively agreed to by our officials, Minister McKnight and myself, this is not a full agreement until it has been passed through the cabinet and I do not have the cabinet authority to table that document at this time. Thank you.

MR. SPEAKER: Thank you, Madam Minister. Mr. Richard.

Question 011-88(1): Process For Approval Of NCPC Transfer Agreement

MR. RICHARD: Thank you, Mr. Speaker. Mr. Speaker, on this issue of the NCPC transfer and the agreement made by Minister Cournoyea and Minister McKnight, I have a question either for Ms Cournoyea or the Government Leader because it touches, Mr. Speaker, on an issue larger than the actual NCPC transfer. Contrary to what is being responded to this afternoon, in yesterday's Opening Address it was stated that the agreement on the principles of the transfer had been signed by the two Ministers and then, "Once these principles have been agreed to by the cabinets of both governments, they will be made available for review by Members of the Legislative Assembly."

Now, Mr. Speaker, I am always being told that we have this consensus government. The process should be the exact reverse. If the document exists, maybe we do not have Mr. McKnight's permission to talk about it but the point here is, on our side, we are not the federal cabinet. We make our own rules here. Surely the document should come into this group of 24 and we will tell the eight whether we agree with it or not; not go to the eight who put it in cement and then come and tell the 24 what happened. I ask the Government Leader to respond to that process because the process set out in the Commissioner's Opening Address is the exact reverse of what consensus government is supposed to be.

MR. SPEAKER: Thank you, Mr. Richard. Mr. Patterson.

Return To Question 011-88(1): Process For Approval Of NCPC Transfer Agreement

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, we are prepared to consult with the Legislature in an appropriate manner considering that this is, at the moment, highly confidential information. We are prepared to consult with the Legislature, perhaps with its standing committee on finance, which had expressed a great interest in the details of the arrangement. But all Ms Cournoyea is saying is that our cabinet should first have an opportunity to review the proposal before doing so. We are prepared to consult with the Legislature in an appropriate manner and at the appropriate time, and we have told Mr. McKnight that the Legislature's approval of this arrangement will be required before we can signal our agreement to the final details, to the federal government. Thank you.

MR. SPEAKER: Supplementary, Mr. Richard.

Supplementary To Question 011-88(1): Process For Approval Of NCPC Transfer Agreement

MR. RICHARD: Mr. Speaker. I would ask the Government Leader by way of supplementary to refer to the wording used in yesterday's Opening Address. This afternoon he is saying that they are prepared to consult with the Legislature and he is saying that his Executive colleagues are going to look at and discuss the document. What the Commissioner's Opening Address says is that once these principles have been agreed to by his cabinet, then they will be made available for review by Members of the Legislative Assembly. Will the Government Leader reject the wording in yesterday's reply so that it is clear that the process is the reverse?

MR. SPEAKER: Mr. Patterson.

Further Return To Question 011-88(1): Process For Approval Of NCPC Transfer Agreement

HON. DENNIS PATTERSON: Mr. Speaker, the principles, the broad brush strokes of the transfer, have been initialled by the Minister of Indian and Northern Affairs and our Minister of Energy, Mines and Resources just a few days ago. The next step is for the cabinet to review the details of this arrangement and, following that, we will make the details available in an appropriate manner to Members of the Legislative Assembly. I would like to make it clear, Mr. Speaker, that we will not agree to any final deal with the federal government until the Legislature has been fully apprised of those arrangements. We do not intend to proceed without full consultation with the Legislative Assembly. We have signed an agreement in principle and now we will examine it in detail and then we will consult fully the Legislative Assembly. At that point we will then communicate our approval or disapproval to the federal government. The Assembly will not be left out, Mr. Speaker. Thank you.

MR. SPEAKER: Thank you, Mr. Government Leader. Item 5, oral questions. Mr. Ernerk, I believe.

Question 012-88(1): Financial Support To Indigenous Survival International

MR. ERNERK: Thank you, Mr. Speaker. I will try to be concise and precise. My question is to the Minister of Renewable Resources. I appreciate, first of all, the government's position with regard to the fight with animal rights organizations, and I am really appreciative of that. I would like to ask the Minister to table in the House the amount of financial support that you will be providing to Indigenous Survival International which has promoted the native livelihood with regard to the trapping industry in the Northwest Territories.

MR. SPEAKER: Thank you, Mr. Ernerk. Mr. Alloo!oo.

Return To Question 012-88(1): Financial Support To Indigenous Survival International

HON. TITUS ALLOOLOO: Mr. Speaker, we have provided financial support to these groups in the past. We are continuing to support them financially and morally. At this date, actually tonight, there will be meetings in Winnipeg to strategize how we could fight the opposition to the fur industry. By the end of this weekend I should know better what strategy we should be taking.

MR. SPEAKER: Thank you, Mr. Minister. Item 5, oral questions. Supplementary, Mr. Ernerk.

Question 013-88(1): Request For Returns To Questions 019-87(2) And 020-87(2)

MR. ERNERK: (Translation) Thank you, Mr. Speaker. I have two questions which are not related to my previous question. Thank you. In November 1987 I asked two questions in the House and I asked for a response at that time but I still have not received any responses to these two questions and I want to see them responded to in this House. First of all, Question 019-87(2) regarding a list of boards and appointees. Secondly, Question 020-87(2) regarding AIDS in the NWT. I asked the question asking for a response. I received a letter about that but I have not heard anything in the House. I think that when we ask questions in the House then they should be answered in the House. Thank you.

MR. SPEAKER: Mr. Ernerk, one of those questions would appear to be to the Minister of Health. Ms Cournoyea.

Return To Question 013-88(1): Request For Returns To Questions 019-87(2) And 020-87(2)

HON. NELLIE COURNOYEA: Mr. Speaker, I can table the letter that I responded to to the honourable Member but it was my understanding that it was the desire of Members, when the House recessed, that if we were not able to respond at that time we would follow up by letter. But I would be most happy to table the letter that was sent to the honourable Member.

MR. SPEAKER: Thank you, Madam Minister. The other question is Mr. Wray's. Mr. Ernerk, to whom was the other question directed?

MR. ERNERK: Mr. Speaker, just for clarification, I indicated that I have two questions that are still unanswered and I just indicated to the House that one of them was regarding a list of boards and appointees, Question 019-87(2). Thank you.

MR. SPEAKER: Thank you, Mr. Ernerk. Would the appropriate Minister answer that? Is that the Government Leader's?

Further Return To Question 013-88(1): Request For Returns To Questions 019-87(2) And 020-87(2)

HON. DENNIS PATTERSON: Mr. Speaker, I am sure that the honourable Member can appreciate that the answer to the question that he asked, about a detailed listing of boards and agencies and appointees, has required a great deal of research and a great deal of public service time in order to prepare and present such detailed information. As I understand it, part of the answer, which will be tabled in the House, has been provided by letter to the Member. We will endeavour to provide the remaining information as soon as possible. Thank you.

MR. SPEAKER: Thank you, Mr. Government Leader. Item 5, oral questions. Mr. Pollard.

Question 014-88(1): Availability Of NCPC Agreement To SCOF

MR. POLLARD: It is not what you think, Mr. Speaker. My question is for the Government Leader. It concerns the NCPC transfer. I am wondering if the Government Leader can give us a date that the broad brush strokes, as he so eloquently put it, of the NCPC agreement would be available to the standing committee on finance. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Pollard. Mr. Patterson.

Return To Question 014-88(1): Availability Of NCPC Agreement To SCOF

HON. DENNIS PATTERSON: Mr. Speaker, I think the only point that Ms Cournoyea and I both wish to make today is that we have not yet had an opportunity to discuss this matter with cabinet. As soon as the cabinet has had an opportunity to discuss it, we will meet with the chairman of the standing committee on finance and arrange for a consultation with them at the earliest convenient opportunity.

MR. SPEAKER: Thank you, Mr. Patterson. Item 5, oral questions. Mr. Gargan.

Question 015-88(1): Adult Education Facility, Fort Providence

MR. GARGAN: Thank you, Mr. Speaker. I would like to direct my question to the -- oh, Mr. Speaker, sitting on this side of the House, it is difficult to pinpoint Ministers by pointing at them but if a particular Minister has not acted on a particular matter, it could be that the Executive have not acted on it themselves. To go further, it could be pointing at the bureaucracy in the gallery or the EA's over here, too. But, my question is directed to the Government Leader. It is concerning the adult education facility in Fort Providence. I believe I wrote a letter to the Minister on February 3rd regarding this matter. Perhaps it is time that the old ATCO building that adult education is now occupying could be vacated so that they could use a better facility. There is only one person using the portable building in Fort Providence right now for language development and I would like to ask the Government Leader or the Minister of Education if he has, in fact, acted upon this request which the local education authority has said has been a priority, as far as their position is.

MR. SPEAKER: Thank you, Mr. Gargan. Mr. Patterson.

Return To Question 015-88(1): Adult Education Facility, Fort Providence

HON. DENNIS PATTERSON: Yes, thank you, Mr. Speaker. We have indeed looked into the situation in Fort Providence. We agree that the particular ATCO portable that is being presently used for adult education is in poor shape and, in fact, is not worth renovating. However, rather than using valuable money to construct a facility, we have taken a look at the school in the community, which is operating at only 60 per cent capacity at the moment, according to our calculations. We have asked the superintendent, in consultation with the principal of the school in Fort Providence and the chairperson of the local education authority, to make arrangements to provide facilities for the adult education students in the school. Since that request was made, it has been agreed that the Slavey language project will move from the new portable into the school and the adult education program can then move into the new portable unit. Adjustments have been made in the school to accommodate the Slavey language project and I understand that today, in fact, while teachers are attending a professional development conference in Yellowknife, that move will take place. So, by Monday, the adult education students will have a new and more appropriate facility in their own portable classroom. Thank you.

MR. SPEAKER: Supplementary, Mr. Gargan.

Question 016-88(1): Local Education Authority Chairman, Fort Providence

MR. GARGAN: Yes, Mr. Speaker. Just another point of clarification. I understand that the local education authority chairman there is also an employee of the Department of Education, I believe. I would like to ask the Minister whether there is a conflict of interest in taking on the position.

MR. SPEAKER: Mr. Patterson.

Return To Question 016-88(1): Local Education Authority Chairman, Fort Providence

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, I think if we were to be unduly restrictive about membership in local education authorities not being open to government employees, we would probably, possibly lose the services of a number of good people who have the confidence of their community to serve in those positions. I think the only time that an employee of the government or an employee of the Department of Education would be in conflict would be if they were to use their position to advance their personal interests -- matters such as salary, benefits, housing. Clearly, they should declare a conflict and not participate in those discussions. But, I see no difficulty with having an employee of the department being on the LEA or even being the chairman if the people of that community have confidence in that person and have shown it by electing him. Thank you.

MR. SPEAKER: Thank you, Mr. Minister. Mr. Richard.

Question 017-88(1): NCPC Transfer Negotiations

MR. RICHARD: Merci beaucoup, Monsieur le President. Et bonjour, Monsieur le President pour la Province d' Alberta. Mr. Speaker, my question is for the Minister responsible for -- and thank you for allowing me to speak in French, Mr. Speaker.

---Applause

My question, Mr. Speaker, is for the Minister responsible for the NCPC transfer negotiations. Recently, at a constituency meeting, a number of the NCPC employees in this community expressed some serious concern about being kept in the dark about the negotiations as the results of the negotiations would affect them and their benefits package and their collective bargaining regime. Can the Minister indicate what steps are being taken, to her knowledge -- I appreciate that the government at the moment is negotiating with another government the takeover of a federal crown responsibility -- but can the Minister indicate what steps, to her knowledge, are being taken to keep those employees informed on a daily or weekly basis of the state of the negotiations so that their minds can be put to rest on some of these issues that are very personal to their livelihood. Merci beaucoup, M. le President.

MR. SPEAKER: Thank you, Mr. Richard. Madam Minister.

Return To Question 017-88(1): NCPC Transfer Negotiations

HON. NELLIE COURNOYEA: Thank you, Mr. Speaker. In answer to the honourable Member, in the state of the negotiations, we did not know from day to day really what are the exact principles that the federal government would agree to. Some of the things that held us up the most were things that relate to the well-being of employees, such as housing. There have been several meetings held between the Public Service Alliance of Canada and the Public Service Association or the Union of Northern Workers, and basically they agreed on the directions that will be taken in attempting to inform the employees more specifically. I have had some discussions myself with a number of employees and I felt rather handicapped because I really did not know what to tell them, because at this point in time what the federal government was willing to agree with were areas that they were concerned about but there was no agreement. So, I would like to express to the employees of the Northern Canada Power Commission that it was not that the will and the desire to attempt to have them feel that the consideration of their well-being was not one of my priorities to carry out the Northern Canada Power Commission negotiations.

It is the intention of the Public Service Alliance of Canada to meet with all the locals in the Northwest Territories to deal with the employees and I feel confident, Mr. Speaker, that the employees will be treated fairly and equitably and I feel confident that they will have a good deal. Thank you.

MR. SPEAKER: Thank you, Madam Minister. Mr. Nerysoo.

Question 018-88(1): Conflict Of Interest Guidelines

MR. NERYSOO: Thank you, Mr. Speaker. Through you to the Government Leader, will the Government Leader indicate to this House the status of the conflict of interest guidelines or legislation as it would apply to the Executive Council?

MR. SPEAKER: Thank you, Mr. Nerysoo. Mr. Patterson.

Return To Question 018-88(1): Conflict Of Interest Guidelines

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, as the honourable Member knows, there is a Conflict of Interest Act in the Northwest Territories which applies to all boards and agencies of the Government of the Northwest Territories. There are also provisions, I believe, in the Legislative Assembly and Executive Council Act respecting conflict of interest. In addition to those provisions, Mr. Speaker, I can tell the Member that I have had extensive discussions with my colleagues on the question of conflict of interest as it might affect Ministers of the cabinet, and guidelines have been developed which have been agreed to by my cabinet colleagues. Thank you.

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

Supplementary To Question 018-88(1): Conflict Of Interest Guidelines

MR. NERYSOO: Supplementary, Mr. Speaker. Will the Government Leader table in this House those conflict of interest guidelines?

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 018-88(1): Conflict Of Interest Guidelines

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Yes, I will.

MR. SPEAKER: Thank you. Item 5, oral questions. Mr. Morin.

Question 019-88(1): Status Of Land Lease, Pine Point Mines Ltd.

MR. MORIN: Thank you, Mr. Speaker. My question is addressed to the Hon. Gordon Wray. I would like to know the situation of the Pine Point Mine closure and what will happen to the lease that Pine Point Mines has on the land once they pull out.

MR. SPEAKER: Thank you, Mr. Morin. Mr. Wray.

Return To Question 019-88(1): Status Of Land Lease, Pine Point Mines Ltd.

HON. GORDON WRAY: Thank you, Mr. Speaker. Negotiations with Pine Point Mines Ltd. are still under way. We hope to have most of the issues resolved fairly soon and once they are, I will advise the Member on what has been negotiated. With regard to leases, I believe it was, the Member referred to, I will take that under notice and reply tomorrow.

MR. SPEAKER: Thank you, Mr. Minister. You are taking the question as notice. Item 5, oral questions. Mr. Lewis.

Question 020-88(1): Study On Coal Mines In The NWT

MR. LEWIS: Mr. Speaker, it was brought to my attention just yesterday that in 1978, Question W19-65 was asked by Mr. John Steen in this House and the question was to do with the feasibility of coal mining in the Northwest Territories. I would like to ask one of the Pages to hand this out for me to each of the Members.

My first supplementary about NCPC was very unsatisfactory, Mr. Speaker, and this second supplementary is rather late, coming 10 years after the original question. Also, the person who can answer this supplementary question is not in the House today. However, I would like to ask whether the study that was undertaken during the tenure of my friend, Mr. Ernerk, who was then the Minister of Economic Development, has been acted on and, if it has not, whether the Minister would agree to provide us with that study as soon as possible so that the special committee on the northern economy can in fact look at it.

The paper that I have just sent around, Mr. Speaker, demonstrates that in 1926 there were six Inuit coal miners actively engaged on a coal mine at Pond Inlet in the employ of the Hudson's Bay Company. Thank you.

---Applause

MR. SPEAKER: Thank you, Mr. Lewis. In the interest of historical clarification and in the spirit of joviality and friendliness in the House today, if you can find a Minister you would like to direct your question to, I will not disallow it. To whom would you like to direct your question, Mr. Lewis?

MR. LEWIS: Mr. Speaker, I would like Mr. Wray to handle this assignment, if possible, since he is a former employee of the Hudson's Bay Company.

---Laughter

MR. SPEAKER: Thank you, Mr. Lewis. I am glad the Speaker is not called upon to answer questions. Mr. Wray, on our behalf.

HON. GORDON WRAY: Actually, I forgot the question already.

---Laughter

But whatever it was, I will take it under notice.

---Laughter

MR. SPEAKER: Item 5, oral questions. Mr. Zoe, please.

Question 021-88(1): Report On Decentralization, Fort Smith Region

MR. ZOE: Thank you, Mr. Speaker. I would like to direct my question to the Government Leader. I understand that there was a study that was undertaken for the Executive, a study to decentralize the Fort Smith Region. Would the Minister table in this House that particular report? Thank you.

MR. SPEAKER: Thank you, Mr. Zoe. Mr. Government Leader.

Return To Question 021-88(1): Report On Decentralization, Fort Smith Region

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, this same question was asked in the 10th Assembly and the decision of the cabinet of the day was that it would not be appropriate to table the full details of the report that the Member may be referring to, on options for decentralization in the Fort Smith Region, because it contained confidential personnel information, among other things. However, there was a summary of the report tabled before the 10th Legislature and I would be very pleased to provide that summary again to this House. Thank you.

MR. SPEAKER: Supplementary, Mr. Zoe.

Supplementary To Question 021-88(1): Report On Decentralization, Fort Smith Region

MR. ZOE: Supplementary, Mr. Speaker. Mr. Speaker, this brings us back to the point of consensus government. I cannot understand why the Executive would hesitate to provide this House with that particular report when it is of great interest to me because my constituents are within the particular region where the study was undertaken. I still do not agree with the present Executive that they cannot provide this House with that particular report. I would restate that the Government Leader would reconsider his decision not to provide this House with that particular study. Thank you.

MR. SPEAKER: Thank you, Mr. Zoe. Mr. Government Leader.

Further Return To Question 021-88(1): Report On Decentralization, Fort Smith Region

HON. DENNIS PATTERSON: Well, Mr. Speaker. I trust that the honourable Member will appreciate that this is a public forum and there are matters, such as confidential negotiations, where revealing our position might well prejudice the interests of this government and this Legislature. There are situations such as I just mentioned where revealing confidential information about personnel who work for this government would also not be appropriate.

Mr. Speaker, I like to think that we have a very open, accessible government. We just provided to Members of the standing committee on finance detailed information that described the positions moved and the responsibilities moved and to which particular community. I think that is the kind of information that the Member wishes to have with respect to the interests of his constituency and I would be happy to provide that information as well, that is, the information provided to the standing committee on finance, and table it in this Legislature. I think that would answer the Member's concerns completely. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Minister. Mr. Nerysoo.

Question 022-88(1): Development Of Decentralization Policy

MR. NERYSOO: Thank you, Mr. Speaker. Supplementary to Mr. Zoe's question. Is this government developing a decentralization policy and at what time is that particular policy going to be made available to this House?

MR. SPEAKER: Thank you, Mr. Nerysoo. Mr. Patterson.

Return To Question 022-88(1): Development Of Decentralization Policy

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, the cabinet is committed to discussing questions such as decentralization and reorganization of government, as well as the role and future of regional bodies, at a strategy session which we plan to hold following the budget session. We have been preparing the directions document on the economy at the first strategy session that was held shortly after our election but we plan to devote the next strategy session to those major issues and develop a more comprehensive position which would be made available to the Legislature once it has been arrived at. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Minister. Mr. Butters.

Question 023-88(1): Centralization Of Government

MR. BUTTERS: Mr. Speaker, would the Government Leader and his Executive Council colleagues also consider the centralization of government in their deliberations?

MR. SPEAKER: Mr. Patterson.

Return To Question 023-88(1): Centralization Of Government

HON. DENNIS PATTERSON: Yes, thank you, Mr. Speaker. I think it goes without saying that considering the issue of decentralization involves considering the issue of centralization. I would like to point out, Mr. Speaker, that there is, presently existing, a policy on government organization and program delivery which does address issues like decentralization. The cabinet is, however, considering reviewing this policy and reviewing our organization. At that point, if new approaches are recommended they would be communicated to this Assembly. Thank you.

MR. SPEAKER: Thank you, Mr. Patterson. Item 5, oral questions. Mr. Lewis, please.

Question 024-88(1): Sale And Transfer Of NCPC Assets

MR. LEWIS: NCPC does not seem to work particularly well for me, Mr. Speaker. Mr. Speaker, there is a sentence in the press release on the transfer of NCPC to the GNWT that I find to be difficult to understand and perhaps whoever supervised the drafting of this can help us to understand it better. The sentence is this: "It is now contemplated that the remaining operations of NCPC will be sold and transferred to the Government of the Northwest Territories." My question is, why is it that you have to talk about selling and transferring? Are you going to sell it to somebody else first and then transfer it? This seems to have been carefully drafted to explain something but has avoided doing so in the view of many of the people on this side of the House.

--Laughter

MR. SPEAKER: Thank you, Mr. Lewis. This question, to whom was this directed again? To Ms Cournoyea.

Return To Question 024-88(1): Sale And Transfer Of NCPC Assets

HON. NELLIE COURNOYEA: Mr. Speaker, I believe that is -- and certainly I appreciate our learned Member's question on a detail in wording -- in terms of some of the assets, particularly let us say, in Edmonton. Part of the operation was assisting the Yukon section, and the Yukon part of NCPC was transferred to the Yukon. Part of it will be transferred to the Northwest Territories. I believe it indicates that the Yukon section, the hard core assets, are sitting there that were once shared; part of that belongs to the Yukon Territory.

MR. SPEAKER: Thank you, Madam Minister. Item 5, oral questions. Mr. Gargan.

Question 025-88(1): Wood Cutting Business, South Mackenzie Correctional Centre

MR. GARGAN: Thank you, Mr. Speaker. I would like to direct my question to the Minister of Social Services. The South Mackenzie Correctional Centre is now in the wood cutting business and is hurting other people that are in that same business in my constituency. In fact, just two weeks

ago a private business in my constituency liquidated because of the effect of the correctional centre providing wood to people in the Hay River area at a very low cost. I believe it is something like \$40 a cord, or something to that effect. I would like to ask the Minister whether there is any intention on her part to do something about this situation since I believe the government is encouraging privatization. On the other hand, it is crippling the people who are actually trying to get into private business and make a living of it. I also must say that the people living in the South Mackenzie Correctional Centre also get free room and board while they are incarcerated and I would like to ask the Minister what she intends to do about this particular situation.

MR. SPEAKER: Mrs. Marie-Jewell.

HON. JEANNIE MARIE-JEWELL: Thank you, Mr. Speaker. I would like to assure the honourable Member that I have taken his concern and I will take his question as notice. I would also like to table the letter that I had replied in regard to the honourable Member's concern. I will be tabling that reply tomorrow. Thank you.

MR. SPEAKER: Thank you, Madam Minister. Item 5, oral questions. That would appear to conclude Item 5.

Item 6, written questions.

Item 7, returns to written questions.

Item 8, replies to Opening Address. Item 9, Budget Address. Mr. Ballantyne, you have the floor.

ITEM 9: BUDGET ADDRESS

HON. MICHAEL BALLANTYNE: Thank you very much, Mr. Speaker. Before I commence my budget address I would like to share something with you. Mr. Richard, yesterday, reminded me of a reference in last year's Commissioner's Opening Address. I vaguely remember it but it was something to do with faint of heart and weak of knee. I wanted to assure Members that the former government and indeed this government realize that nobody who fits that description sits in this House.

HON. DENNIS PATTERSON: Hear, hear!

AN HON. MEMBER: Agreed.

HON. MICHAEL BALLANTYNE: But just in case somebody is living in the Northwest Territories who fits that description, I want to assure Members that after I present this budget today, they will sleep better tonight.

---Applause

Budget Address

Mr. Speaker, I am pleased to present to Members of the Legislative Assembly the first budget of the 11th Assembly and my first budget as Minister of Finance -- and listening to comments last night it may be my only one, so I want you all to listen to it carefully.

HON. DENNIS PATTERSON: Do not go to sleep.

HON. MICHAEL BALLANTYNE: Right. I would like to take this opportunity to thank my colleagues in the former government, the Minister of Finance of the former government, Mr. Butters, and Messrs. Pedersen, McLaughlin and Pudluk, all of whom have had a lot of input into this budget, and my new colleagues in this cabinet, all of whom had to make some very hard decisions in order that I could bring forward this restraint budget. The tradition of a Minister of Finance buying new shoes has been brought to my attention and I had a little bit of a problem with that because this budget was worked on by the old government and by the new government, so it is not really a new budget. It is an almost new budget, so I am wearing some almost new shoes today.

---Laughter

Introduction And Overview

The 1988-89 budget is a response to difficult challenges. First, it maintains the long-standing Government of the Northwest Territories priority of improving the quality of essential services to all regions and to all residents of the Territories. Secondly, it sustains development of the capital infrastructure needed to provide our residents with access to facilities and to support our economic development. Thirdly, it achieves these goals without jeopardizing our government's fiscal integrity and by striking a prudent balance between expenditure needs and available financial resources. Mr. Speaker, I believe that the budget that I am tabling today meets these three goals. Furthermore, I believe it begins to set the stage for our new government's future directions.

Mr. Speaker, the government recognizes, however, that this budget falls short of addressing all our capital and program needs. Meeting these needs is a daunting task at best and will require time and substantially increased funding from the federal government. In the meantime, expenditure restraint must be exercised to ensure that funds are spent wisely and targeted to the areas of greatest need. We must also make all efforts to maintain the financial integrity of government through expenditure control rather than through tax increases. Mr. Speaker, I am pleased to report that in this budget there is no increase in taxes.

During the current budget year, our expenditures outstripped our revenues by a wide margin. Last year's decision to incur a budgetary deficit and to draw down on our accumulated surplus was based on the previous cabinet's assessment of the economic situation of the Northwest Territories. It was felt that the serious economic downturn called for a substantial increase in government expenditure to stimulate the economy. Our large 1987-88 capital budget certainly mitigated the recession by supporting employment and investment activity. It also contributed significantly to our long-term goal of providing adequate infrastructure to residents of all regions of the Northwest Territories.

For the next budget year, we are introducing a capital budget which is substantially smaller. It reflects our limited financial resources. We are introducing an operations and maintenance budget in which expenditure growth for most programs has been limited to unavoidable increases resulting from demand increases and inflation. The budget that I am tabling today reflects the very difficult fiscal environment that we will likely continue to face over the next four years and beyond. It is an environment in which new government initiatives will be limited by a weak revenue base and by growing pressures imposed by population growth.

Our cabinet has already begun the process of setting its overall direction for the next four years. This direction, which will be described more fully later in this session by our Government Leader, will provide the basis for policy and program decisions throughout the term of this government and it will be reflected in our budgetary priorities over the course of the current cabinet's term.

In developing this year's budget, we have restored some flexibility to our financial position to provide a stable base from which to develop a new direction and to undertake new initiatives. Nevertheless, given the need for restraint, these actions will likely be taken by redeploying our financial resources. This budget does not attempt to anticipate any changing priorities of the new Legislative Assembly.

The Economy

Before reviewing our fiscal position and outlining our budgetary strategy, I would like to describe some of the more important features of the economic environment in which our decisions are made.

The External Environment

Changes in international markets for our basic resources and changes in the Canadian policy environment are key determinants of the economic performance of the Northwest Territories.

Market conditions for our basic natural resources have improved over the last year. Prices of our main mining exports have firmed: gold prices were up, on average, about 10 per cent from their 1986 level; lead prices were up approximately 50 per cent; silver prices increased over 20 per cent; and zinc prices firmed up. The price of oil also improved although it still remains volatile and well below its level of the first half of the decade. Fur prices posted their strongest performance in years and in the case of some species jumped by 50 per cent or more.

Financial market developments had mixed effects on our economy. Interest rates were on an upward trend until early fall but retreated in the last quarter. The overall effect of interest rate changes on our capital-intensive primary industries was therefore reasonably minimal. The Canadian dollar moved up vis-a-vis the United States dollar thereby causing our export industries to lose some of the benefits of commodity price increases. Finally, the mega slide in stock markets on that Black Monday of the 19th of October raised the concern that as a result of reduced consumer and investor confidence, our mining firms may find it more difficult to raise equity on terms as favourable as previously.

On the policy side, the two key developments in Canada were the negotiation of a free trade agreement with the United States and the finalizing of the first phase of tax reform. The free trade agreement should, on average, benefit our economy by eliminating tariffs for our mining exports to the United States and by lowering the cost of imports. A truly disappointing part of the agreement is the failure by Canada to negotiate exemptions for aboriginal Canadians from the United States Marine Mammals Act, which prohibits imports of products from some of our important animal species such as polar bears, seals and walrus. To ensure that our economy benefits from the agreement, the federal government must address a number of outstanding fundamental issues. These include land claims and resource revenue sharing, and a comprehensive resource management system which is sensitive to northern interests. Furthermore, we need ironclad assurances that monetary settlements, resulting from land claims, which may be used to support northern businesses, will be excluded from countervail action.

The other significant development was the announced implementation as of January 1, 1988, of the first stage of tax reform which deals with changes to personal and corporate income tax. The Northwest Territories is supportive of the objectives of Phase I of tax reform and believes that they have, by and large, been achieved. However, we are disappointed that in many areas the reform measures did not take sufficient account of the different regional impacts of the tax changes. For example, I expect that the changes to personal and corporate income tax will adversely affect flow-through share financing, one of the main sources of funds for mining exploration over the last few years. Similarly, the 10 per cent tax on telecommunications services will impose a proportionately greater burden on residents of the North. These are alarming side effects of federal tax reform.

In addition, Phase II of tax reform, marked by the introduction of a national sales tax or value added tax, will be more costly for northerners. I intend to apply special emphasis on this area: With costs 110 per cent and 70 per cent higher than the national average in places such as Gjoa Haven and Fort Good Hope, a general national sales tax would impose a hardship unless it provided for adequate corrective measures for northern consumers.

The Northwest Territories Economy

As anticipated in last year's Budget Address, some segments of the Northwest Territories economy performed poorly last year. Total expenditures in the Territories, after adjustment for inflation, are expected to have declined by over 10 per cent and total employment by approximately one per cent. The decline is notably traceable to reduced levels of activity in metal mining and the fall-off in oil and gas investment. Employment in the goods-producing industries fell by over 12 per cent in 1987.

For 1987, private investment is expected to register a 35 per cent decline to a level of \$630 million. This will be the fifth consecutive year of decline in private investment. This sustained decline is partly explained by the reduction in oil and gas related investment from its 1982 and 1983 peaks. On the other hand, capital investment by the two levels of government has had a stabilizing influence. Total public investment is expected to reach approximately \$300 million, partly as a result of our large capital budget last year.

Primary Sector

Prospects for precious metal mining have brightened during 1987. Higher gold prices, combined with favourable tax treatment of exploration expenditures, have resulted in close to \$70 million of exploration expenditures last year. More importantly, some of these exploration programs have been very successful and may lead to the development of new gold mines.

In the oil and gas sector, further developments have started in the Beaufort Sea where two or three delineation wells will be completed at the Amauligak field. This program will involve total expenditures of slightly over \$100 million in 1987 and 1988 and will result in seasonal production of 20,000 to 35,000 barrels a day commencing in the summer of 1988. Favourable results from this program could lead to the construction of a 20 or 24 inch pipeline from the Beaufort Sea to Edmonton with construction starting in the early 1990s. Under such circumstances, private investment could return to its early 1980s highs of \$1.5 to \$2 billion. An early settlement of land claims is, however, critical to the orderly development of our energy sector.

Resource harvesting industries have benefited from price increases. Fur prices have, on average, increased in excess of 30 per cent early in the year and have remained firm through the remainder of the year. Marten pelts, whose value accounts for the highest proportion of Northwest Territories production, had a price increase of over 80 per cent. These price increases have provided a much-needed stimulus to cash incomes in our communities. However, as Mr. Allooosoo and Mr. Ernerk referred to today, recent developments in England could have a significant and negative impact on these improving results. So, it is something that is very volatile and something that is going to need sustained work on our government's behalf to have a positive reaction in this whole field.

Service Sector

The service-producing sector provided a stabilizing influence on the economy last year. Service sector employment, which accounts for 79 per cent of total employment, grew by over two per cent and partly compensated for the large employment losses in the primary sector.

Tourism has been an expanding area of the service sector in recent years. The papal and royal visits of 1987 have given the Northwest Territories broad international exposure which should support tourism's growth.

Economic Outlook

Mr. Speaker, there are indications that the economy is now poised for a resumption of growth. After the large economic downsizing that started in 1985, the economy should return to positive real growth this year. For 1988, mining output will show some year-over-year decline due to the closure of the Pine Point and Salmita mines, which took place during 1987. However, an increase in expenditures on mining development is expected. This investment is likely to lead to the opening of new precious metal mines before the end of the decade. Oil production will be higher due to Beaufort Sea seasonal production and investment by the oil and gas sector will increase. The service-producing sectors will continue to grow in 1988. Overall real economic growth is expected to rebound.

Fiscal Position

Mr. Speaker, let me now review the government's 1987-88 financial operations and its fiscal position as we enter the 1988-89 fiscal year. The budget presented one year ago is the largest in the history of the Northwest Territories. It accelerated our long-term capital construction plan by drawing down much of our accumulated surplus. It also had significant economic benefits as it helped shore up the economy in a year of anticipated economic downturn. Our 1987-88 main estimates projected total expenditures of close to \$790 million of which \$166 million were earmarked for capital expenditures. The total projected 1987-88 deficit was \$55 million and was expected to be financed partly by using up all our accumulated surplus and partly by accumulating a deficit of \$16 million, after allowing for approximately seven million dollars of supplementary estimates over the 1986-87 revised forecast.

Members who were here last year remember that the \$16 million of potential accumulated deficit sparked a very vigorous debate in the House. Because of some of the concerns that were well put forward in that debate, this government came back with this restrained budget.

The revised forecast for 1987-88 revenue and expenditure contains some very encouraging changes to the fiscal outlook presented in last year's budget. I first advised Members of these anticipated improved results in the fall session at the time I tabled supplementary estimate number three.

My revised 1987-88 forecast is that total expenditures will be \$811 million, or \$34 million higher than what was projected in the last main estimates after allowances for lapses and supplementary appropriations. Projected revenues should amount to \$776 million, which is \$45 million more than was projected last year. I want to emphasize that these estimates are based on the best available information we have right at this time. Final results will not be known for several months, until the territorial public accounts have been tabled.

Mr. Speaker, to ensure that Members gain a clear understanding of the changed 1987-88 forecast that I announced in November, I am tabling a detailed explanatory table as part of the Budget Address. The table is printed at the end of the address and is referenced as Appendix A. I think it is quite well done and quite clearly explains some of the changes over the last couple of years and some of the confusion with anticipated deficits and accumulated deficits.

First, for 1986-87, Members will see from the table that actual revenues were \$13.8 million higher than anticipated in last year's Budget Address. Actual expenditures were also lower due to \$10.3 million in capital projects being carried over to the 1987-88 fiscal year. These changes resulted in a 1986-87 budgetary surplus of \$9.9 million, up from the \$14.7 million deficit projected in the 1987-88 Budget Address.

After adjustment for additional requirements of \$1.8 million for the Business and Student Loan Funds, the accumulated surplus -- and the accumulated surplus is what we have accumulated over many, many years -- as of March 31st, 1987, increased to \$64.8 million where it peaked. So it was that at March of last year we had accumulated a surplus for the last 10 or 15 years of \$64.8 million and this year, that we are in right now, we spent most of those dollars on capital infrastructure.

In 1987-88, Members will see from the table that forecast revenues are now \$44.9 million higher than projected last year due to the \$23 million transfer of forestry programs from the federal government, six million dollars transferred from the federal government to fund expenditures related to the Young Offenders Act and other changes that are detailed in the table. I hope it will answer a lot of the questions on the detail of how we came to these numbers. Total forecast expenditures are now \$33.8 million higher than they had been projected in the 1987-88 Budget Address.

Our forecast 1987-88 budgetary deficit, and that is just within the year -- that is different from an accumulated deficit or surplus -- in one year only, 1987-88, we originally forecast a deficit in that year of \$55.4 million but that has been reduced to a deficit of \$44.3 million. At the 1986-87 year end we had an accumulated surplus of \$64.8 million. Because of the deficit that we are incurring in this year, that has now been reduced to \$16.7 million by the year end of 1988-89.

There has been some confusion, I think, out around the Territories about what that means. I know that some people have asked for or demanded capital expenditures because it seems we have a surplus. Our accumulated surplus has gone from \$65 million to \$16 million. It is essentially only two per cent of our budget and is almost nothing. That money is not readily available for capital projects. That money is generally used as working capital. So, I think I want to get the message out there very strongly that a \$16 million accumulated surplus over 15 years is very, very little. We have very little margin to play with and that \$16 million is not available. It is not found money, it is not bonus money and that money is just not available for extra capital projects. We are right down, I think, where the situation is that this government is running very lean right now. In fact we had a big accumulated surplus but last year we spent a goodly portion of it for the reasons I said and now that \$16 million is really needed to give us a little margin but it is not very much of a margin at that. So, I hope that explains and clarifies it a little bit but as we get into the details of the budget I would be prepared to talk about that some more. I think our budget is manageable right now but we do not have a lot of fat to play with. There is not a lot of extra cash to do projects that I know MLAs and Ministers would like to do.

AN HON. MEMBER: Hear, hear!

1988-89 Fiscal Strategy

HON. MICHAEL BALLANTYNE: Mr. Speaker, the 1988-89 fiscal strategy demonstrates the responsible approach to financial policy taken by this government. The main objectives that the cabinet believes will be achieved by this year's strategy are as follows: Live within our means and not

impose the burdens of today's expenditures on tomorrow's taxpayers -- and I seem to recall Mr. Richard saying words to that effect in the budget debate of last year. We intend to: maintain the level and quality of essential services provided to the residents of the Northwest Territories; continue to improve our capital infrastructure in support of economic development, business and employment opportunities; and continue government policies which support the private sector.

Living Within Our Means

The overall fiscal policy of our government has not changed. It is to live within our means. This is the meaning of fiscal realism and the only way to ensure that tomorrow's taxpayers will not be burdened with punitive levels of taxation and declining levels of public service in order to pay for today's expenditures.

Mr. Speaker, a major criticism of the government over the past few years has been the rapid growth in the size of our public service. Living within our means in 1988-89 will mean that we will have zero growth in person years for the first time in many, many years. I think that is a significant accomplishment of this budget. I recall from the debates of a year ago the most consistent criticism of government last year and over the years has been the cost of ever-increasing person years, an ever-expanding civil service with the ancillary office space, housing, benefits, etc. For the first time this government, I think, has come to grips with that and we have zero increase. I think we are quite proud of that and with that sort of discipline that we can impose on ourselves in the years to come, it will make the management of our economy, I think, much easier.

Operations and maintenance expenditures will be limited to forced growth with all new initiatives met through reallocations within existing departmental budgets. The capital budget will be scaled down to a level comparable to the 1985-86 capital budget.

Mr. Speaker, fiscal realism leads to an acknowledgement of the disparity between our expenditure needs and our financial resources. On the expenditure side the Northwest Territories has some of the highest expenditure needs in Canada to bring its programs and infrastructure to levels comparable to the rest of Canada. The Northwest Territories has the highest population growth in Canada. From 1981 to 1986 the population grew three times faster than the national average. One person in three in the Territories is now under the age of 15 as compared to one in five for Canada as a whole. In some communities such as Igloolik and Arctic Bay there is over 40 per cent of the population under the age of 15. This situation makes the funding of forced growth a formidable task and one which absorbs most of our revenue growth.

On the revenue side, we have a very narrow tax base which cannot yield substantial increases in the level of our tax collections. We must carefully manage whatever additional tax room we may have to fund future inevitable increases in essential services. Our yearly grant from Canada is not providing us with adequate resources. On the whole, formula financing has worked well for both parties but the level of funding has not allowed our government to address important areas of need because of base inadequacies. Furthermore, discussions are just commencing with respect to funding arrangements beyond the 1989-90 fiscal year and federal funding levels beyond that date are uncertain.

Essential Services To Northwest Territories Residents

Despite the need for expenditure restraint, residents of the Northwest Territories can rest assured that those services which provide access to health care, education, social services and housing will be maintained. With \$142 million expended by the Department of Education, \$98 million by the Department of Health, \$71 million by the Housing Corporation and \$68 million by the Department of Social Services, close to 50 per cent of our budget is targeted to departments that have as their sole responsibility the delivery of essential services to residents of the Northwest Territories. Although budgets will not experience an overall increase beyond growth caused by increased demand and inflation, reallocation of departmental expenditures and changes in delivery mechanisms should maintain current levels of services.

Capital Infrastructure

The Government of the Northwest Territories is firmly committed to the continued development of capital infrastructure. However, our needs for schools, health facilities, highways, municipal water and sewage systems and housing are enormous. It is beyond our current financial capabilities to meet them in a timely fashion. Despite the exceptionally large capital budget of 1987-88 and a further budget of over \$117 million for the next fiscal year, we are barely able to make a dent in our total needs.

The 1988-89 capital budget will correct some of the more glaring capital inadequacies and should support economic development and improve the quality of life for our residents. However, the disparity between our capital needs and our financial resources is an issue which must be addressed if we are ever to achieve a level and range of facilities which is comparable to that taken for granted by other Canadians. We will have to demonstrate our needs to the federal government and convince it to provide us with adequate funding.

Support For The Private Sector

Fiscal policy can play a major role in supporting and encouraging the development of the private sector. The Government of the Northwest Territories is the single biggest source of spending in the Northwest Territories and the biggest client of business. Our expenditure policies are designed to ensure that jobs and business opportunities accrue increasingly to NWT residents. Support for the economic growth of the Northwest Territories is provided by broad government-wide policies such as the business incentive policy, the tendering process for construction projects and the involvement of communities in project management. Individual Ministers have also implemented policies, in their respective areas of responsibility, to maximize the northern content of their budgetary expenditures.

Mr. Nerysoo asked yesterday if we would present a synopsis of the federal budget and we will try to have that for Members tomorrow. On first look, there is not significant impact on the Northwest Territories in the budget, but it is important that Members can view the federal budget in conjunction with ours. So, I will try to get something to the House either tomorrow or on Monday.

Federal-Territorial Fiscal Relations

Federal-territorial fiscal relations continue to be of vital importance to our financial health during the coming years. The spirit of co-operation which is the foundation of these relations, has been very productive. It has so far led to the devolution of numerous federal programs such as forestry and the Baffin health services and to transfers of statutory authorities to the territorial government with accompanying base funding transfers. And it has led, of course, to the design of the formula financing agreement, a unique and innovative mechanism by which the federal government has transferred budget decision-making to the elected Government of the Northwest Territories. Formula financing was one of the most critical steps on the path to responsible government in the North. I wish to acknowledge and recognize the considerable effort and success of the previous Minister of Finance, Mr. Tom Butters, in negotiating the Canada-Northwest Territories formula-based agreement.

---Applause

I could also add at this stage, a very sincere note of thanks to Mr. Butters for the assistance and co-operation he has extended to me in my time as an MLA and former chairman of the finance committee. I have learned many valuable lessons from Mr. Butters and I only hope that during my tenure as Minister of Finance, I can serve this Assembly and the Territories as ably and as well as Mr. Butters has served the Territories.

---Applause

Two issues of great significance are on the agenda of federal-territorial discussions over the next two years: the renewal of the formula financing agreement from 1990 onwards and the provisions of a northern accord.

The current formula financing agreement expires on the 31st of March, 1988 and contains a provision where it may be extended for two more years by mutual consent of both parties. Discussions on the extension have taken place over a number of months and no extension agreement had been signed when this Budget Address went to print.

I would like to bring Members up to date on developments. These negotiations have been going on for six or seven months. Mr. Butters initiated them and I have concluded them. They have been very, very difficult negotiations. I think that it has shown to me and shown to Mr. Butters and to our cabinet that the negotiations on the extension of the formula at the end of these two years is going to be very difficult and we are going to have to do our homework. It was not until two days ago that I finally got approval from Mr. McKnight that they would indeed extend the formula basically with the same escalator for another two years. But it is getting very close to the wire and I was not sure until then if I might have to come to you in three weeks and say we have to get \$40 million out of this budget. It was pretty tough but I am happy to say that we do not. I want you all to be very aware of the difficult climate in which we will be negotiating in the next couple of years and I will be counting on Mr. Butters' advice and assistance, because of his success in this area, to assist me.

Our government has agreed to work with the federal and Yukon governments to undertake a comprehensive review of formula financing so that if changes are introduced in 1990 they may better reflect the changing needs of the Territories. Given the federal government policy of expenditure control, we will have to demonstrate to the federal government the extent of our needs. We should have no illusions; these discussions will be difficult and we will have to muster all our resources to convince the federal government that the formula must ensure that there is sufficient funding for the Northwest Territories and must address our base deficiencies.

The second major issue is the northern accord which Ms Cournoyea is negotiating with the federal government. The Government of Canada has expressed its clear commitment to shared management of northern energy resources, and discussions have taken place to initiate the process of devolution of provincial-type responsibilities to the Northwest Territories. Mr. Speaker, I believe the northern accord will result in greater independence for the Northwest Territories by allowing us to have responsibilities similar to those of other Canadian jurisdictions. An important consequence of the accord should also be our access to natural resource revenues. This should lessen our financial dependence on the federal government. However, we must not view it as the answer to all our problems.

I think now it would be appropriate to put a little vote of thanks to Mr. McKnight and his efforts on our behalf with the northern accord. He has been very supportive. Without very strong efforts on Mr. McKnight's part, the northern accord negotiations would not have advanced nearly as far as they have. I think all of us owe Mr. McKnight a vote of thanks for his efforts.

SOME HON. MEMBERS: Hear, hear!

---Applause

Budgetary Expenditures

HON. MICHAEL BALLANTYNE: Mr. Speaker, total 1988-89 expenditures before allowance for supplementary estimates and lapses will be \$791 million, a decrease of \$42 million, or five per cent, from the expected 1987-88 level.

Education

Education is an area of key importance to this government. The lack of basic education is a major factor preventing many northerners from taking advantage of job opportunities. We need an effective educational system which responds to local and territorial objectives, and which is shaped to prepare residents to benefit from economic opportunities.

During the year 1988-89, close to \$142 million will be spent on the development and delivery of education in the Northwest Territories. Operations and maintenance expenditure growth is largely in response to increased enrolments. New initiatives include a school counsellor program, the creation of new divisional boards, the purchase of university seats reserved for native students from the Northwest Territories, the extension of grades in the communities, and a training program for school principals. These initiatives have been funded through offsetting budget reductions.

Capital expenditures will stabilize in relation to 1987-88. However, construction will begin in 1988-89 on new schools in Iqaluit, Pangnirtung and Repulse Bay. Design will begin on new or replacement schools in Paulatuk, Tuktoyaktuk, Cape Dorset, Hall Beach, Baker Lake and Hay River. The design of a student residence for the Iqaluit Campus of Arctic College is also scheduled to begin.

Housing

Meeting the housing needs of residents in the Northwest Territories continues to be a key objective of this government. This budget supports the delivery of over 300 housing units to respond to the increasing needs of our population. In 1988-89, the NWT Housing Corporation will continue to have a strong community development focus with emphasis to be placed on involving communities in housing decisions. In support of the economic development of the Territories, the corporation will continue to split its construction contracts into separate supply, ship and erect components and fully implement the community-based employment liaison committees.

As a new initiative this year, the corporation is changing its tendering practice for materials. By tendering separately for certain types of lumber, the corporation will provide greater opportunity for northern lumber mills to participate in housing projects. Another new initiative for 1988-89 is the introduction of a housing replacement program. The replacement of 25 northern rental houses will result in cost savings to this government. The CMHC will contribute 75 per cent of the capital and operating costs of the new units. All new units will be built to the R2000 standard. This initiative reflects the corporation's efforts to improve the quality of existing housing stock and to increase the supply of energy efficient public housing.

Health

In 1988-89, close to \$98 million will be spent by the Department of Health. Operations and maintenance expenditures will grow by 5.7 per cent over the expected 1987-88 level. This increase reflects the opening of the new Stanton Yellowknife Health Centre, the operation of the Kitikmeot medical boarding home for residents coming to Yellowknife and the initiation of new regional health boards for the Inuvik, Kitikmeot and Keewatin Regions. Increases in operational spending will be partially offset by savings in billings from southern hospitals associated with the new hospital and boarding home.

The 1988-89 fiscal year should see the transfer of health services from Health and Welfare Canada to the Government of the Northwest Territories. I think we, at this point, owe a vote of thanks to Mr. McLaughlin who was instrumental in working very closely with Jake Epp to achieve a successful transfer of the health program. We know that Mr. McLaughlin worked very, very hard on this one and talked to a lot of people and I think he deserves a lot of the credit for the successful conclusion of this particular transfer.

AN HON. MEMBER: Hear, hear!

---Applause

HON. MICHAEL BALLANTYNE: Capital expenditures will decrease substantially from their 1987-88 levels. This reflects the completion of the new Stanton Yellowknife Health Centre in fiscal year 1987-88. New capital projects for 1988-89 include further development of the Baffin Regional Hospital renovation project. In addition, the Department of Health will be working in close co-ordination with the federal government in the completion of Health and Welfare Canada's 1988-89 capital plan.

Social Services

Mr. Speaker, initiatives in the Department of Social Services in 1988-89 will increase our ability to provide care in the Northwest Territories for adults and youths with special care requirements. The current budget, however, does not contain new funding for day care. We are currently discussing with the federal government funding arrangements that would allow our government to undertake initiatives in this area.

A territorial treatment centre for children and adolescents with emotional and behavioural problems will be established. This, in addition to the establishment of a northern mobile assessment team, means that increased treatment as well as assessment support services can be provided in the North.

Expanded home support and personal care services will increase the resources available in the North for senior citizens and handicapped residents. Funding for both these program initiatives was reallocated from within existing departmental resources.

The department's budget for 1988-89 reflects the resources provided by the federal government for incremental costs associated with the implementation of the Young Offenders Act. Again, Mr. McLaughlin deserves credit for that. They were quite difficult negotiations and I think when all is said and done we did quite well with the arrangements we have and Bruce worked very hard on that one. The department's capital budget for 1988-89 includes approximately four million dollars provided by a contribution agreement with the federal government for the construction of two young offender secure facilities, one each in the Western and Eastern Arctic.

Public Works And Highways

Today's budget includes approximately \$137 million in expenditures for the Department of Public Works and Highways. These expenditures will support the department's responsibilities for the design, construction and maintenance of the government's capital infrastructure. Of that, \$123 million will be directed to the operations and maintenance functions of the department. These primarily include the upkeep and operation of all government assets, property management, project management, maintenance of the territorial highway system and operation of the ferry system.

The department's capital budget of \$13.6 million will be directed to programs such as intraterritorial highway reconstruction, community dust control, wharves, community gravel supply, and energy conservation measures. In addition, Public Works and Highways will manage the design and construction of capital projects of all government departments. The approximate value of this work in 1988-89 is \$86 million. This includes the interterritorial highways reconstruction program which is expected to be transferred from the federal government during the 1988-89 fiscal year.

Through implementation of these combined budgets the activities of the department will play an important role in stimulating and supporting the northern economy and maximizing the dollars that are spent in the North.

Municipal And Community Affairs

In 1988-89, the operating and maintenance budget for the Department of Municipal and Community Affairs will be just over \$47.6 million. Of this budget, \$35 million is in the form of grants and contributions. Financial assistance programs were reviewed to make cuts in those areas where reductions would have least impact on community programs. As part of this process, the per capita recreation contribution, which would have cost a total of \$276,000, will no longer be paid. With an increase of \$734,000 in the recreation salary subsidy program, the impact of the reduction will be minimized. This program, which provides 80 per cent of the salary for specified recreational staff, will ensure that communities have skilled personnel to assist them with the delivery of local recreation services.

The department's capital programs again account for the major part of the total capital budget for 1988-89; \$38 million will be spent on capital infrastructure in communities. Each year a greater proportion of the total capital budget is being spent to replace existing municipal buildings, equipment and works. In these proposed estimates, 22 per cent of the total is for replacement items.

Economic Development And Tourism

Mr. Speaker, in keeping with the high priority placed by this government on developing the northern economy, over \$31 million will be spent by the Department of Economic Development and Tourism during the next year.

In order to promote the growth of the Northwest Territories economy, the department will develop a broad economic policy framework and strategies to support cabinet direction, the Legislative Assembly's special committee on the northern economy and the private sector. The objectives of this policy are the expansion, diversification and stabilization of our economy with increased short and long-term employment and income opportunities for Northwest Territories residents. These strategies will stress those areas we can influence and build upon.

Almost seven million dollars has been allocated for the implementation of year two of the Economic Development Agreement. The three-year cost-shared program with the federal government is valued at almost \$39 million.

In conjunction with the Travel Industry Association, the department will spend an estimated two million dollars on a major marketing and promotion program primarily directed toward the United States and Canada. This is the second year of the program. Increased focus will also be placed on the unique tourist attractions that reflect our cultural and historical roots.

Other expenditure initiatives are being undertaken by the department in the areas of renewable resource development, venture capital and the development of tourist attractions.

Other Departmental Initiatives

Initiatives planned by other departments of the Government of the Northwest Territories include expenditures by the Department of Culture and Communications to assist northern artists, performers, cultural organizations, community museums and libraries, local radio stations and native communication societies. Language services continue to be a high priority. In addition to the \$1.7 million to be spent by the language bureau, an additional \$1.5 million is being negotiated under the federal-territorial aboriginal language agreement as well as one million dollars for the provision of French language services.

In the upcoming fiscal year the Minister of Justice, in conjunction with the Minister of Social Services, will undertake a complete review and reform of family law. This important review will extend over the next two years. A working group of representative northerners will supervise and direct the work of the project. Ethnological advice will be obtained where necessary. Traditional aboriginal concepts of the family will be studied and reflected in the reforms, where appropriate.

The law reform committee of the Northwest Territories is working on three major projects at this time. Its working paper on the Jury Act was released in the spring of 1987, and the final report on that topic will be prepared after all comments have been received and considered. As part of its review of the Jury Act, the department has initiated a legal interpreter training program in conjunction with the Department of Culture and Communications. A working paper on the Mechanics' Lien Act is to be released shortly. Study of the committee's next major topic, business corporations law, has already started, and a working paper will be released later in the year. A major improvement to these laws will be of great assistance to the business community.

The Department of Renewable Resources will spend almost \$39 million in 1988-89, which will allow it to pursue the Northwest Territories goals of achieving a greater role in resource development, the transfer of resource management responsibilities from the federal government, and the development of a Northwest Territories conservation strategy.

In support of northern business, the Department of Government Services in 1987-88 has privatized two liquor stores, in Hay River and Inuvik. Similarly, the Department of Personnel's capital budget will decrease as a result of a decline in staff housing construction. No new units will be constructed in 1988-89, allowing for the private sector to meet housing requirements.

Taxation

Mr. Speaker, the budget I am presenting today contains no tax increases. The government chose to restrict expenditure growth instead of raising taxes this year because: in this budget, it was possible to maintain levels of services without tax changes; we should keep some tax room to meet future needs; the current tax burden in the Northwest Territories is very high if cost of living differences are taken into account. The tax burden must not be increased unnecessarily.

Tax Stability

Maintaining stability in our tax system is very important for economic development. It allows business to plan with some degree of certainty. The Government of the Northwest Territories has until now abstained from changing the tax system every year, thereby maintaining a stable tax environment. However, changes may be required as pressures from expenditure needs build up. The growing population of the Northwest Territories is creating an increasing demand for essential government services. It will not be possible to indefinitely fund these needs without tax increases.

Keeping Tax Room For Future Needs

By avoiding tax increases at this stage, the little tax room available to us will be retained in reserve should higher taxes be absolutely necessary in future years. The current rate of growth in the grant we receive from Canada may not continue. The current agreement had not yet been extended when this Budget Address went to print and we cannot be certain of future funding levels. Should it be necessary to increase revenues in the future, I intend to do so only after giving residents of the NWT an opportunity to express their views on how the tax system should be structured. As a preliminary step in this process, I will, during this session, table a discussion paper on tax options with the standing committee on finance. The tax system in southern Canada, where the economy is developed, is not necessarily appropriate for the NWT, where the economy is still developing. I hope that any necessary changes to our tax system can be designed to take conditions in the North into account.

The High Tax Burden In The North

One of the critical issues over the next year will be the impact of federal tax reform on NWT taxpayers. In co-operation with many business and community leaders of the NWT, the government has made and will continue to make strong representations to the federal government. These representations will be designed to alleviate the negative impact of tax reform on the Northwest Territories, and particularly of those changes being proposed to the federal sales tax.

On average, Northwest Territories taxpayers pay much higher taxes than southern Canadians, although the Northwest Territories has the lowest tax rates in Canada. The burden of federal taxes removes any advantage Northwest Territories residents might derive from low territorial taxes. Federal taxation imposes a higher burden on northerners in a number of ways:

- 1) The burden of federal personal income tax is greater in the NWT. The higher incomes necessary to maintain a given standard of living in the NWT are taxed at a higher rate under Canada's progressive income tax system. Based on the most recent available data, residents of the NWT pay, on average, a higher proportion of their income in income tax than residents of any other province or territory, despite having the lowest personal provincial-territorial income tax rates.
- 2) The burden of federal sales taxes is also greater on northern residents than on southern Canadians. Most goods cost more in the North because of higher transportation and other costs. Federal sales taxes on fuel and on other items contribute to higher transportation costs. Northwest Territories residents therefore pay more in sales tax on an item than do residents of southern Canada.
- 3) The burden of some parts of federal tax reform will be heavier on northern taxpayers. The Government of the NWT estimates that the new federal tax on long distance calls will cost northern residents three times as much as it will cost southern Canadians.

AN HON. MEMBER: Oh, shame, shame!

HON. MICHAEL BALLANTYNE: You can phone only one third as many times to tell him that. Federal sales taxes will be even more costly to northerners when the current manufacturers sales tax is replaced by a value added tax. The high level of federal taxation in the NWT leaves little room for the NWT government to raise taxes without imposing a difficult burden on the NWT taxpayers.

Summary Fiscal Outlook

Mr. Speaker, the fiscal plan that I am putting forward today involves total voted expenditures of \$791.5 million and total revenues of \$798.5 million. On the expenditure side, \$674 million has been allocated to operations and maintenance and \$117 million to capital expenditures. Expenditures and recoveries on projects undertaken for Canada and other third parties will amount to \$31 million, bringing total spending to \$822 million.

On the revenue side, \$592 million or 74 per cent of our total revenue will come from the grant from the Government of Canada determined under the formula financing agreement. The remainder will come from our own tax revenues and other transfer payments. After allowing for supplementary requirements and appropriation lapses in the net amount of \$5.6 million, a small budgetary surplus of \$1.4 million is projected.

This restraint budget is achieved through an across-the-board control of new program initiatives and efforts by all departments to identify expenditure savings. With this budget, we have created the financial stability needed to allow the cabinet and the Legislative Assembly to consider new initiatives, free from the immediate pressure of dealing with a deficit. Financial restraint will likely require that any new direction be funded through resource reallocations. However, the flexibility of our present fiscal position allows this to be more easily achieved.

Conclusion

Mr. Speaker, in concluding I will summarize the 1988-89 budget of the Northwest Territories. It is a budget that contains no tax increases.

HON. DENNIS PATTERSON: Hear, hear!

HON. MICHAEL BALLANTYNE: It is a budget that recognizes fiscal realities.

SOME HON. MEMBERS: Hear, hear!

HON. MICHAEL BALLANTYNE: It is a budget that maintains the level and quality of essential services.

MR. RICHARD: That remains to be seen.

HON. MICHAEL BALLANTYNE: It all remains to be seen, Mr. Richard. It is a budget that improves our capital infrastructure. It is a budget that supports the development of northern businesses. Mr. Speaker, I present to the Legislative Assembly for the fiscal year 1988-89 a balanced budget.

HON. DENNIS PATTERSON: Hear, hear!

---Applause

MR. NERYSOO: No supps for 1988-89.

MR. SPEAKER: Thank you, Mr. Minister. The House will recess for 15 minutes.

---SHORT RECESS

Item 10, replies to Budget Address. Item 11, petitions. Mr. Ernerk.

ITEM 11: PETITIONS

MR. ERNERK: (Translation) Thank you, Mr. Speaker. This petition I am presenting, Petition 1-88(1), is directed to me. It has to do with recreation and I am going to give it to the Minister of Municipal and Community Affairs. It is a petition from Chesterfield Inlet requesting an arena and a curling rink during the year 1988. There are 240 signatures. Thank you.

MR. SPEAKER: Thank you, Mr. Ernerk. Item 11, petitions. Item 12, reports of standing and special committees. Mr. Pollard.

ITEM 12: REPORTS OF STANDING AND SPECIAL COMMITTEES

Report Of The Standing Committee On Finance On The 1988-89 Main Estimates

MR. POLLARD: Thank you, Mr. Speaker. In accordance with its terms of reference, the standing committee on finance is pleased to submit its report on the review of the 1988-89 main estimates of the Government of the Northwest Territories, Mr. Speaker. The primary task of the standing committee on finance is to undertake a detailed examination of the government's annual budget and its related fiscal operations.

With that in mind, Mr. Speaker, the standing committee on finance met in Yellowknife from January 5 to January 22, 1988 to conduct the review of the 1988-89 main estimates. The committee met with representatives of 14 departments, one corporation, one directorate, four secretariats and four boards. The 1988-89 budget review was the first review for this particular group of standing committee on finance Members and the first review by a committee of seven as opposed to 10 Members.

The committee prepared for the hearings by reviewing the standing committee on finance 1988-89 capital estimates summary review, the standing committee on finance 1988-89 main estimates summary review, short and long versions, and the 1987-88 main estimates, O and M and capital. The committee also considered material requested from departments both prior to and during the hearings. As well, supplementary material was provided by some departments during presentations.

The rationale for the review of the 1988-89 budget was as follows: 1) to clarify the mandate of the department; 2) to determine the policy objectives of the department; 3) to ascertain whether programs are meeting the policy objectives adequately; 4) to determine whether there are any criteria for the addition or deletion of programs according to some system of evaluation.

There were four major issues, Mr. Speaker. These four issues are not specific to one department but apply to the government as a whole and those issues are: policy development; budgetary growth; person year utilization; decentralization and delegation.

Policy Development

With regard to policy development Mr. Speaker, in order to ensure effective departmental operations, the committee believes that all departments should be operating under well-established policies, as well as departmental mandates and directives. Without policies, decisions may be inconsistent from department to department, particularly on issues of concern to the government as a whole. The committee questioned the ability of departments to evaluate the effectiveness of programs and personnel without policy to guide that evaluation.

As a result of the strong belief by the committee that programs and services must be guided by policy, the main focus of questioning during the 1988-89 budget review was the existence and implementation of adequate policy, including mandates and directives. The committee was concerned that the departments did not have well-defined policies to ensure continuity of service and direction. During the review, the committee found that some departments are operating without a clearly defined or current mandate. Some departments believe they cannot achieve their mandates with the current level of funding or future funding. Programs have been created based on policies which are still in the developmental phase. For example, several departments have affirmative action programs, but the government has only a native employment policy rather than an affirmative action policy. Policy is often created to meet the needs of programs when policy should be guiding the selection and implementation of programs. There is some confusion regarding the difference between a mandate and a departmental objective. The committee considers a mandate a long-term direction for the department while objectives are short-term goals. There is a general lack of emphasis on policy development within departments operating more on the basis of crisis management.

Development of policy will allow departments to identify and place priority on the most productive programs and services. Policy will also provide the rationale for program cuts and new initiatives.

The committee, Mr. Speaker, will continue to look for policy as the primary thrust behind the continuation, expansion or reduction of programs and services. The committee suggests that the government and departments consider the development of adequate policy as a priority in 1988-89.

Budgetary Growth

Number two was budgetary growth, Mr. Speaker. During the SCOF sessions the government referred to the 1988-89 budget as one of restraint. Well, Mr. Speaker, this budget can only be considered restrained when compared to the 1987-88 budget with its high level of capital spending. The current budget reflects reduced growth as opposed to restraint.

Mr. Speaker, the annual budget of the government of the Northwest Territories has grown faster than the rates of inflation or population growth. An increase in the quality of government services and facilities has accompanied that growth. However, the committee believes that similar increases in funding will be unavailable in the future. The government will have to provide an increased level of service without an increase in funding. The committee suggests that an effort to prioritize programs, eliminating those which are least effective, is preferable to a percentage reduction applied equally to all departments and programs.

Mr. Speaker, the committee compliments the government on its efforts to balance the budget for 1988-89 and will support the government's continuing effort to provide balanced budgets in the future.

Person Year Utilization

With regard to person year utilization, Mr. Speaker, the distinction between person years and positions raised a number of questions for the committee. As a result of these questions, the committee intends to pursue this issue further. Following the budget review, the committee has an immediate concern with vacant positions. Assuming that positions allow departments to achieve the most efficient use of person years, long-term position vacancies should rarely exist. Although information was not available for all departments, Mr. Speaker, indications are that there are a number of long-term vacancies. I believe there is a minimum of thirty positions vacant, Mr. Speaker, and those vacancies have been six months or longer. While some of the vacant positions are seasonal, the committee suggests that an evaluation of these vacancies and appropriate action based on the evaluation would result in a more effective use of existing person years.

Decentralization And Delegation

Number four on decentralization and delegation, Mr. Speaker. During the presentations it was apparent that there is an ongoing decentralization of programs to regional centres as well as delegation of authority to regional boards. The government indicated that these changes are the result of an effort to provide an equitable level of service to all NWT residents. The government also stressed that, while decentralization and delegation of programs may result in a greater cost for the operation of these programs, there are benefits which are not of an economic nature.

The committee recognizes the importance of decentralization and delegation strategies for communities across the Northwest Territories, particularly as an economic stimulus. However, these strategies must be balanced with a concern for the efficient operation of departmental programs. The committee suggests that additional costs to the government as a result of delegation be minimized through means such as the use of GNWT service departments by regional boards, and adequate training for potential board members. Decentralization and delegation should not result in a decline in the quality of service provided. A service's potential for decentralization or delegation should be evaluated based on criteria established through policy.

There was an additional issue, Mr. Speaker, and that was the site change for Social Services secure custody facility. During the standing committee on finance budget review, a revision was made to the capital estimates of the Department of Social Services. A secure custody facility, originally intended for construction in Yellowknife, is now scheduled to be built in Fort Smith. There was approval for the change by the Executive Council and Government Leader, we believe on the morning of January 18, 1988. However, the committee was informed of that change in a letter from the Minister of Finance, which was dated January 20, 1988 and received by the committee January 22, 1988, the final day of the budget review. The committee feels that the failure of the Minister to report the change when she appeared on behalf of Social Services on the afternoon of January 18, 1988, directly interfered with the committee's ability to conduct its business. In future, the committee expects to be informed of any such changes in a timely manner.

Another issue that arose, Mr. Speaker, and I will read the letter into the record, with your permission, sir, is that the standing committee on finance is concerned with the following proposed amendments to the student loans program. In a letter to Mr. Ballantyne on February 8, 1988, the committee made him aware that the reduction of loan forgiveness from 100 per cent to 50 per cent remission, the reduction of tuition ceilings from \$2000 to \$1132, the reduced subsidy of second travel assistance -- the student must pay the first \$500 -- and the overall savings to the department of the \$4005 was, we believe, in error, and should not have been done. The committee strongly recommends that these items be removed from the budget and the particular amendments be withdrawn. The committee suggests that the department find other areas which could be reduced to cover this \$4005. The committee has strong reservations about supporting the inclusion of these items in the 1988-89 budget.

Procedural Concerns

With regard to procedure, Mr. Speaker, there were some concerns.

1) Timing. The committee encountered a problem with a shortage of time with the actual budget documents before the hearings began. The documents were received only two weeks prior to the start of the meeting. Not only was two weeks too short a period for proper investigation of all aspects of the budget by the committee, but the two-week period included Christmas and New Year's, severely limiting actual research and review time. The committee feels that in order to effectively fulfil its mandate, the budget documents should be provided more than two weeks prior to the departmental reviews.

2) Confidentiality. The committee is very concerned with the confidentiality of the review process and with budget documents. Extensive discussions were held by the Members regarding access to documents by people outside the committee. Members also discussed the method of transcribing the proceedings and access to those transcripts. As a service to Ministers appearing before the committee, the committee agreed that a Minister could have access to those transcripts of his or her departmental presentations. Ministers were also given the option of going in-camera at any point in the proceedings.

3) Translation. The committee's ability to function effectively as a group was hampered by the difficulty of translating printed material. The budget documents were not fully translated, reducing the opportunity for all Members to participate equally in the budget review process. The major concern was with supplementary material, which was often provided on the day of the hearing. Unless this material is provided at least two working days in advance, translations are not available for Members.

This is not a new concern, Mr. Speaker. In the report of the 1985-86 main estimates, the committee recommended that the departments be responsible for providing translated copies of any materials tabled with the committee. The committee requests the departments' co-operation in ensuring that all Members are able to participate fully in the process by having timely access to translated materials. The committee would like to express its appreciation to the members of the language bureau, Inuktitut section, for their efforts to provide oral and written translation.

4) Requests for information. Requests for additional information not contained in the budget documents proved to be a problem area. The committee was advised that any request for further information was to be directed through the Minister of Finance. Of the two requests for information made prior to a department's appearance, only one request was filled. The material requested was provided on the day of the department's appearance, allowing no time to have the material translated. The second department indicated that the material had been provided to the Minister of Finance but, rather than being presented to the committee, the Minister of Finance returned the material to the department.

The committee would like to remind the House that in accordance with Rule 93(1), the committee has the power to call such persons, papers and records and to examine witnesses as in its opinion are necessary for the conduct of its business. The committee suggests the government make a more concerted effort to assist the committee in the efficient conduct of its business.

5) Role of the Finance Minister. There is a lack of clarity regarding the role of the Minister of Finance in relation to the Executive Council and the committee. The committee suggests that the ability of the Minister of Finance to speak on behalf of all departments and the Executive Council on financial issues should be clarified.

6) Document formats. In order to simplify the committee's document review process, the committee is recommending changes to review documents. These changes would allow for a more useful comparison with the traditional main estimate documents which are tabled with the Legislative Assembly. They would also highlight changes to the previous year's main estimates through supplementary appropriations. Specific details of the committee's recommendation have been communicated to the Minister of Finance in a letter dated February 9, 1988.

Future Issues

Mr. Speaker, the committee would like you to know its future issues. There are several issues of concern to the standing committee on finance. The committee will attempt to address these issues over the next three years. Additional items may be added to the list for consideration.

1) Fall budget session. The committee intends to vigorously pursue the possibility of a fall budget session. The committee will be requesting a briefing on the mechanics and feasibility of a fall budget session.

2) Relationship of the standing committee on agencies, boards and commissions to the standing committee on finance. During the review of boards, the committee was aware of a possible overlap of responsibilities with the standing committee on agencies, boards and commissions. This relationship requires clarification.

3) Person years and positions. The distinction between person years and positions, as well as the reasons for this distinction, caused some concern during the committee's examination of each department's growth/reduction and use of person years. During a future sitting, the committee will take advantage of the offer by the Minister of Finance to provide a briefing on the subject. Following this briefing, the committee may pursue the matter further.

4) Discretionary travel. The committee intends to examine the issue of discretionary travel. The issue of whether all travel is necessary is of particular concern.

5) Revenue. The committee intends to closely examine the revenue side of the budget including taxation concerns and options.

6) Budget cycle. An overview and examination of the budget cycle will help committee Members clarify the role of the standing committee on finance. The committee is also interested in where other elements, such as the capital planning group, fit into the process.

Recommendations

The committee has some recommendations, Mr. Speaker, the first one being a base review. The government has indicated its intentions to present restraint or no-growth budgets in the future. To achieve this goal, cuts will have to be identified in departments' base-level funding. To ensure that the cuts and reductions are appropriate, the committee recommends that a comprehensive base review of spending be conducted. And I do not think that is the first time that has been recommended, Mr. Speaker.

With regard to capital, the committee believes that the GNWT has embarked on a cycle of capital projects without an adequate study of its impact on O and M in future years. The committee recommends that an analysis of the potential impacts on O and M be completed for all future capital projects.

With regard to policy, Mr. Speaker, the committee sees the development and implementation of policy as the first phase of all departmental planning and operations. Policies assist and guide managers in making appropriate decisions regarding the allocation of limited resources. The committee recommends that all departments develop comprehensive policies which will provide guidance in all areas of departmental operations.

Lastly, Mr. Speaker, the program evaluation. The government has indicated that, in future years, the level of funding available for continuing and new programs will be limited. Therefore, in order to add a program, an existing program will have to be reduced or eliminated. The committee recommends that each department develop a system of program evaluation to ensure the continuation of effective programs.

In closing, Mr. Speaker, I would like to thank your staff through you for their diligence and service to the committee and I would like to thank the committee from myself for their consideration as well.

Motion To Move Standing Committee On Finance Report On The Review Of The 1988-89 Main Estimates Into Committee Of The Whole, Carried

I would now like to make a motion, Mr. Speaker. I move, seconded by the honourable Member for Yellowknife Centre, that the standing committee on finance Report on the Review of the 1988-89 Main Estimates be moved into the committee of the whole for consideration at its earliest convenience. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Pollard. Your motion is in order. To the motion. All those in favour? Thank you. All those opposed? This motion is carried and the report is moved into committee of the whole.

---Carried

---Applause

Item 12, reports of standing and special committees. Item 13, tabling of documents. Mr. Ernerk.

ITEM 13: TABLING OF DOCUMENTS

MR. ERNERK: Thank you very much, Mr. Speaker. I would like to table this beautiful tourism pamphlet, Mr. Speaker, from the Keewatin Region, the Keewatin Chamber of Commerce. It is Tabled Document 2-88(1), Canada's Arctic, the Last Frontier. It has another pamphlet, "Keewatin Arctic Fact Book", and in Inuktitut it has, "Welcome to the Keewatin Region". As co-chairman of this special committee on economy and as a Member of the Legislative Assembly for Aivilik riding I would like to congratulate the Keewatin Chamber of Commerce for producing such a beautiful booklet. I would like to...

---Laughter

Thank you.

MR. SPEAKER: Thank you, Mr. Ernerk. We are on Item 13, tabling of documents. Mr. Pudluk.

MR. PUDLUK: (Translation) Thank you, Mr. Speaker. I would like to table Tabled Document 3-88(1), on nuclear fallout in the North. It is a report on the survey done on the caribou. Thank you.

MR. SPEAKER: Thank you, Mr. Pudluk. Item 13, tabling of documents.

Item 14, notices of motion. Item 15, notices of motion for first reading of bills. Mr. Ballantyne.

ITEM 15: NOTICES OF MOTION FOR FIRST READING OF BILLS

Notice Of Motion For First Reading Of Bill 1-88(1): Appropriation Act, 1988-89

HON. MICHAEL BALLANTYNE: Thank you, Mr. Speaker. Mr. Speaker, I give notice that on Monday, February 15th, 1988, I shall move that Bill 1-88(1), An Act Respecting Appropriations for the Government of the Northwest Territories for the Fiscal Year Ending March 31, 1989, be read for the first time. At the appropriate time, Mr. Speaker, I will seek unanimous consent for first reading. Thank you.

MR. SPEAKER: Thank you, Mr. Minister. Notices of motion for first reading of bills. Item 16, motions. Mr. Butters.

ITEM 16: MOTIONS

MR. BUTTERS: Mr. Speaker, I would with your concurrence seek unanimous consent to proceed with the motion of which I gave notice yesterday.

MR. SPEAKER: Thank you, Mr. Butters. Unanimous consent is being sought to proceed with Motion 1-88(1). Are there any nays? Mr. Butters, you have unanimous consent to proceed.

Motion 1-88(1): Meech Lake Agreement

MR. BUTTERS: Mr. Speaker:

WHEREAS on the 28th day of May, 1987, the 10th Assembly, by resolution, condemned the amending process for the Constitution of Canada which denied participation of residents of the Northwest Territories;

AND WHEREAS this Assembly resolved on the 18th day of November, 1987, that the Government Leader continue to press the Prime Minister and the 10 provincial Premiers for recognition of the rights of northern residents and inclusion with their fellow Canadians in the Meech Lake Accord;

AND WHEREAS that resolution also authorized the Speaker to send Members to public hearings on the Meech Lake Accord being convened in the provinces;

NOW THEREFORE, I move, seconded by the honourable Member for High Arctic, that this Legislative Assembly in support of Government Leader, Dennis Patterson, and his Executive Council colleagues entrust and delegate to the two representatives chosen from this Assembly, the honourable Member for Sahtu and the honourable Member for Yellowknife South, the responsibility for informing Canada and the government and people of Ontario of the hasty and unconscionable decision taken at Meech Lake which removed the people of the Yukon and the Northwest Territories from participation as equals and partners in the Canadian Confederation and to wish them Godspeed, the silver tongues of oracles and an understanding and sympathetic hearing by the legislators and residents of Upper Canada.

MR. SPEAKER: Thank you, Mr. Butters. Your motion is in order. Would you like to speak to it? Mr. Butters.

MR. BUTTERS: The motion, Mr. Speaker, is self-explanatory. It falls within the category of smiting the Philistines, hip and thigh. Our representatives, honourable Members Kakfwi and Richard, need no instruction from us on their statements to the people of Ontario. We know their presentations will be made with humanity and passion tempered only by the compelling coolness of their logics. I would ask them to convey to Premier Peterson and his government, our gratitude for providing the opportunity for vigorous dissent to, and public examination of the Meech Lake Accord. I trust that Toronto's prestigious dailies, and national radio and television networks will open their editorial pages and their studios to you both, thus extending to the consumers of their services a rare opportunity to comprehend the concern of all the little people who live in the big land of the Northwest Territories. I will say no more. It has all been said. We have had the tears and the recriminations. Now all we require is justice.

---Applause

MR. SPEAKER: Thank you, Mr. Butters. Would the seconder of the motion like to speak? Mr. Pudluk.

MR. PUDLUK: (Translation) Thank you, Mr. Speaker. I will make a brief comment. The NWT government has to be included in those meetings. I remember Bud Drury was talking about transfers from the federal government to the North and also he really supported that the northerners should really be included in meetings. He really supported the northerners, how they were to advance the North in the government, and also what kind of transfers there were going to be. As the government in the NWT, we have to be included and not just be excluded from these kinds of agreements that have an impact on us. Thank you.

---Applause

MR. SPEAKER: Thank you, Mr. Pudluk. To the motion. Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: I do not have very much to add to what has been said already, only that, from the cabinet's point of view, this motion and the decision to send the two honourable Members to Ontario fulfil the spirit of the motion made, I guess, by Mr. Richard. I think that we heard earlier today, some criticisms of consensus politics but I think this is an example of where it works. In consultation between the Speaker and the Government Leader it was decided that there would be one presentation made by an Executive Member and a non-Executive Member of the same Legislative Assembly and on this issue that we speak as one Assembly. So, I know from our side, we are very supportive of the initiative and I am sure that both Members will carry out their task very, very well and, as an aside to this particular task, in the next week I will be making a statement in the House as to how we are going to follow up on our court case. So, that will be working hand in hand with the task of our two honourable Members. I am fully in support of the motion, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Ballantyne. To the motion. Mr. Patterson.

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. I, too, would like to rise and give my very best wishes for success to the Members who will be representing this Legislature and this government. Mr. Speaker, I think that this appearance is extremely important. I have obtained fair audiences with Premiers Peterson and Bourassa and a short opportunity to discuss the Meech Lake Accord with the Prime Minister. At those meetings I found a great deal of sympathy expressed. I was assured that there was no malice directed by any of the Premiers nor the Prime Minister at the Territories. The Premiers, in fact, seemed open to including the NWT in a more active role at future First Ministers' conferences, so that these kinds of decisions would not in future be taken without us. And there was some encouragement about dealing with the problems, once the accord is ratified, with our being present.

However, it was very clear to me, unfortunately, that initiatives to undo this accord, at least with respect to the provisions that affect the Territories, will not be taken at the insistence of those Premiers, although sympathetic, alone. Therefore, Mr. Speaker, I think this makes our presentation to the select committee extremely important. The committee will provide us with a forum to explain our concern directly to brother legislators in the Ontario legislature who, I think, when they hear of our particular concern, will be sympathetic. And it will also allow us an opportunity to explain our concerns through that forum to the people and the media of Ontario.

I am very hopeful that the timing of the presentation of Minister Kakfwi and Mr. Richard will coincide with the expected release of the Senate task force on the Meech Lake Accord, which I expect and understand will give tremendous impetus to northern concerns. So, I think this forum is extremely important and I am very pleased to support this motion and extend best wishes for the maximum possible impact on the part of Members from this Assembly. Thank you, Mr. Speaker.

Motion 1-88(1), Carried

MR. SPEAKER: Thank you, Mr. Government Leader. To the motion. Question is being called. All those in favour of the motion, signify by raising your hand. Thank you. All those opposed to the motion? Let the record show that the motion was carried unanimously.

---Carried

---Applause

Item 16, motions. Item 17, first reading of bills. Mr. Ballantyne.

ITEM 17: FIRST READING OF BILLS

HON. MICHAEL BALLANTYNE: Thank you, Mr. Speaker. Mr. Speaker, I seek unanimous consent for first reading of Bill 1-88(1), An Act Respecting Appropriations for the Government of the Northwest Territories for the Fiscal Year Ending March 31, 1989.

MR. SPEAKER: Thank you, Mr. Ballantyne. Unanimous consent is being sought. Do I hear any nays? Mr. Ballantyne, you have unanimous consent. Proceed.

First Reading Of Bill 1-88(1): Appropriation Act, 1988-89

HON. MICHAEL BALLANTYNE: Thank you, Mr. Speaker. I have better luck today than I did in the fall. Mr. Speaker, I move, seconded by the honourable Member for Sahtu, that Bill 1-88(1), An Act Respecting Appropriations for the Government of the Northwest Territories for the Fiscal Year Ending March 31, 1989, be read for the first time.

MR. SPEAKER: Thank you, Mr. Ballantyne. Your motion is in order. To the motion. All those in favour, signify. Thank you. All those opposed?

---Carried

Bill 1-88(1) has had first reading. Item 17, first reading of bills. Item 18, second reading of bills. Mr. Ballantyne.

ITEM 18: SECOND READING OF BILLS

Second Reading Of Bill 1-88(1): Appropriation Act, 1988-89

HON. MICHAEL BALLANTYNE: Mr. Speaker, I move, seconded by the honourable Member for Iqaluit that Bill 1-88(1), An Act Respecting Appropriations for the Government of the Northwest Territories for the Fiscal Year Ending March 31, 1989, be read for the second time. The purpose of this bill, Mr. Speaker, is to provide for expenditures for the public service for the fiscal year ending March 31, 1989.

MR. SPEAKER: Thank you, Mr. Ballantyne. Your motion is in order. To the motion. Question being called. All those in favour, please raise your hand. Thank you. All those opposed?

---Carried

Bill 1-88(1) has had second reading and will be put into committee of the whole on the orders of the day for tomorrow.

Item 19, consideration in committee of the whole of bills and other matters.

Item 20, report of committee of the whole. Item 21. Mr. Clerk, orders of the day, please.

CLERK OF THE HOUSE (Mr. Hamilton): Announcements, Mr. Speaker. There will be a meeting of the ordinary Members' committee at 9:00 a.m. tomorrow morning.

ITEM 21: ORDERS OF THE DAY

Orders of the day for Friday, February 12, at 10:00 a.m.

1. Prayer
2. Ministers' Statements
3. Members' Statements
4. Returns to Oral Questions
5. Oral Questions
6. Written Questions
7. Returns to Written Questions
8. Replies to Opening Address
9. Replies to Budget Address
10. Petitions
11. Reports of Standing and Special Committees
12. Tabling of Documents
13. Notices of Motion
14. Notices of Motion for First Reading of Bills
15. Motions
16. First Reading of Bills
17. Second Reading of Bills

18. Consideration in Committee of the Whole of Bills and Other Matters: The Report of the Standing Committee on Finance on the 1988-89 Main Estimates; Bill 1-88(1)
19. Report of Committee of the Whole
20. Orders of the Day

MR. SPEAKER: Thank you, Mr. Clerk. This House stands adjourned until Friday, February 12th, at 10:00 a.m.

---ADJOURNMENT

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