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# LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

## Speaker

The Hon. Red Pedersen, M.L.A.  
General Delivery  
Coppermine, N.W.T.  
XOE OEO  
(403) 873-7629 (Office)  
(403) 873-5788 (Home) (Yellowknife)  
(403) 982-5788 (Coppermine)  
(Kitikmeot West)

Allooloo, The Hon. Titus, M.L.A.  
5024 - 57th Street  
Yellowknife, N.W.T.  
X1A 1Y6  
(403) 873-7113 (Office)  
(403) 873-4813 (Home)  
(Amittuq)  
Minister of Culture & Communications  
and Renewable Resources

Angottitauruq, Mr. Michael, M.L.A.  
General Delivery  
Gjoa Haven, N.W.T.  
XOE 1J0  
(403) 360-6600 (Office)  
(403) 360-6704 (Home)  
(Natilikmiot)  
Deputy Chairman  
Committee of the Whole

Arlooktoo, Mr. Joe, M.L.A.  
General Delivery  
Lake Harbour, N.W.T.  
XOA ONO  
(819) 939-2363 (Home)  
(Baffin South)

Ballantyne, The Hon. Michael, M.L.A.  
P.O. Box 1091  
Yellowknife, N.W.T.  
X1A 2N8  
(403) 873-7658 (Office)  
(403) 920-2963 (Home)  
(Yellowknife North)  
Minister of Finance and Justice

Butters, Mr. Tom, M.L.A.  
P.O. Box 1069  
Inuvik, N.W.T.  
XOE OTO  
(403) 979-2373 (Office)  
(403) 979-2373 (Home)  
(Inuvik)

Cournoyea, The Hon. Nellie, M.L.A.  
P.O. Box 1184  
Inuvik, N.W.T.  
XOE OTO  
(403) 873-7128 (Office)  
(403) 977-2405 (Tuktoyaktuk)  
(403) 979-2737 (Inuvik)  
(Nunakput)  
Minister of Health

Crow, Mr. Charlie, M.L.A.  
General Delivery  
Sanikiluaq, N.W.T.  
XOA OWO  
(819) 266-8940 (Home)  
(Hudson Bay)

Ernerk, Mr. Peter, M.L.A.  
Box 182  
Rankin Inlet, N.W.T.  
XOC OGO  
(819) 645-2800  
(819) 645-2500  
(Aivilik)

Gargan, Mr. Samuel, M.L.A.  
General Delivery  
Fort Providence, N.W.T.  
XOE OLO  
(403) 873-7999 (Office)  
(403) 699-3171 (Home)  
(Deh Cho)  
Deputy Speaker and Chairman,  
Committee of the Whole

Kakfwi, The Hon. Stephen, M.L.A.  
P.O. Box 1320  
Yellowknife, N.W.T.  
X1A 2L9  
(403) 873-7139 (Office)  
(403) 873-8215 (Home)  
(Sahtu)  
Minister of Government Services  
and Housing

Kilabuk, Mr. Ipeelee, M.L.A.  
General Delivery  
Pangnirtung, N.W.T.  
XOA ORO  
(819) 437-8827 (Home)  
(Baffin Central)

Lewis, Mr. Brian, M.L.A.  
P.O. Box 1320  
Yellowknife, N.W.T.  
X1A 2L9  
(403) 873-7999 (Office)  
(403) 873-5549 (Home)  
(Yellowknife Centre)

Marie-Jewell, The Hon. Jeannie, M.L.A.  
P.O. Box 1051  
Fort Smith, N.W.T.  
XOE OPO  
(403) 873-7959 (Office)  
(403) 872-2940 (Home)  
(Slave River)  
Minister of Social Services

McLaughlin, Mr. Bruce, M.L.A.  
P.O. Box 2637  
Yellowknife, N.W.T.  
X1A 2P9  
(403) 393-2939 (Office)  
(403) 393-2226 (Home)  
(403) 920-3166 (Office)  
(403) 873-6220 (Home)  
(Pine Point)

Morin, Mr. Don, M.L.A.  
General Delivery  
Fort Resolution, N.W.T.  
XOE OMO  
(403) 394-3471  
(Tu Nede)

Nerysoo, Mr. Richard, M.L.A.  
Fort McPherson, N.W.T.  
XOE OJO  
(403) 979-2668 (Home) (Inuvik)  
(Mackenzie Delta)

Patterson, The Hon. Dennis  
P.O. Box 310  
Iqaluit, N.W.T.  
XOA OHO  
(403) 873-7112 (Office)  
(819) 979-5993 (Office)  
(403) 873-2802 (Home)  
(Iqaluit)  
Government Leader,  
Chairman of Executive Council,  
Minister of Executive and Education

Pollard, Mr. John D., M.L.A.  
Box 1095  
Hay River, N.W.T.  
XOE ORO  
(403) 874-2345 (Office)  
(403) 874-2600 (Home)  
(Hay River)

Pudluk, Mr. Ludy, M.L.A.  
P.O. Box 240  
Resolute Bay, N.W.T.  
XOA OVO  
(819) 252-3719 (Home)  
(High Arctic)

Richard, Mr. Ted, M.L.A.  
P.O. Box 1320  
Yellowknife, N.W.T.  
X1A 2L9  
(403) 873-7920 (Office)  
(403) 873-3667 (Home)  
(Yellowknife South)

Sibbeston, The Hon. Nick, M.L.A.  
P.O. Box 560  
Fort Simpson, N.W.T.  
XOE ONO  
(403) 873-7123 (Office)  
(403) 873-6215 (Home)  
(Nahendeh)  
Minister of Economic Development  
& Tourism

Wray, The Hon. Gordon, M.L.A.  
Baker Lake, N.W.T.  
XOC OAO  
(403) 873-7962 (Office)  
(819) 793-2700 (Home)  
(Kivallivik)  
Minister of Municipal & Community  
Affairs, Personnel and  
Public Works & Highways

Zoe, Mr. Henry, M.L.A.  
P.O. Box 1320  
Yellowknife, N.W.T.  
X1A 2L9  
(403) 873-7999 (Office)  
(403) 873-4136 (Home)  
(Rae - Lac la Martre)  
Deputy Chairman,  
Committee of the Whole

## Officers

Clerk  
Mr. David Hamilton  
Yellowknife, N.W.T.

Clerk Assistant  
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Yellowknife, N.W.T.

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Yellowknife, N.W.T.

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YELLOWKNIFE, NORTHWEST TERRITORIES

MONDAY, MARCH 28, 1988

MEMBERS PRESENT

Mr. Angottitauruq, Mr. Arlooktoo, Hon. Michael Ballantyne, Mr. Butters, Hon. Nellie Cournoyea, Mr. Crow, Mr. Ernerk, Mr. Kilabuk, Mr. Gargan, Mr. Lewis, Hon. Jeannie Marie-Jewell, Mr. McLaughlin, Mr. Nerysoo, Hon. Dennis Patterson, Hon. Red Pedersen, Mr. Pollard, Mr. Pudluk, Mr. Richard, Hon. Nick Sibbeston, Hon. Gordon Wray, Mr. Zoe

ITEM 1: PRAYER

---Prayer

SPEAKER (Hon. Red Pedersen): Orders of the day for Monday, March 28th.

Item 2, Ministers' statements. Item 3, Members' statements. Mr. Lewis.

ITEM 3: MEMBERS' STATEMENTS

Member's Statement On Government Encouragement Of Dog-Team Racing

MR. LEWIS: Mr. Speaker, following the third day of the Canadian Championship Dog Derby, which ended yesterday, March 27, Richard Beck confirmed his stature as a world class athlete. The Northwest Territories has not produced athletes of international calibre since the retirement of the Firth sisters. Although the government stresses participation rather than fierce competition, our young people have dreams of success like everyone else. With the Arctic Winter Games coming to Yellowknife and the Olympic Games only four years away, the Government of the Northwest Territories should do what it can to promote the sport of dog-team racing. It is a sport in which northerners can be highly competitive. We should begin now to ensure that when dog-team racing becomes recognized as an international sport at the Olympic Games, Canada will be represented by northerners and this government should do what it can to help bring that about.

AN HON. MEMBER: Hear, hear!

---Applause

MR. SPEAKER: Thank you, Mr. Lewis. Members' statements.

Item 4, returns to oral questions. Item 5, oral questions. Mr. Lewis.

ITEM 5: ORAL QUESTIONS

Question 0299-88(1): Replacement For Mr. Bob Pilot

MR. LEWIS: Mr. Speaker, at the end of this month Mr. Bob Pilot will not be in charge of the Ottawa office. Can the Government Leader tell me who I will talk to at the end of this week at that office?

MR. SPEAKER: Mr. Government Leader.

Return To Question 0299-88(1): Replacement For Mr. Bob Pilot

HON. DENNIS PATTERSON: Mr. Speaker, I am working diligently on that problem and expect to be able to announce arrangements for a replacement for Mr. Pilot in the near future. Thank you.

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

Supplementary To Question 0299-88(1): Replacement For Mr. Bob Pilot

MR. LEWIS: A supplementary to that, Mr. Speaker. By a "short time" does that mean by the end of the week so that Members will know before they go home who they can talk to in the Ottawa office?

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 0299-88(1): Replacement For Mr. Bob Pilot

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Perhaps I should correct the Member and inform him that Mr. Pilot has agreed to remain as our representative in Ottawa until the middle of April, so there is a little bit more time than the Member might have thought, to announce a replacement. I expect that by the end of the session, presuming that it will end within the next couple of weeks, I will be able to make an announcement to Members and the public. Arrangements are being pursued which will ensure that we have an appropriate person filling that function. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Government Leader. Oral questions. Mr. Lewis.

Question 0300-88(1): Source Of Clear Direction On Northern Economy

MR. LEWIS: Mr. Speaker, on Monday, March 14th, the Government Leader indicated on CBC radio -- I heard his voice -- that the government had received clear direction on where it should go with its economy. Since the special committee on the northern economy has not completed its work yet and the Direction for the 1990s paper has not been discussed at any length, could the Leader tell us where this direction has come from?

MR. SPEAKER: Mr. Government Leader.

Return To Question 0300-88(1): Source Of Clear Direction On Northern Economy

HON. DENNIS PATTERSON: Yes, thank you, Mr. Speaker. I believe that the honourable Member is referring to an interview that took place at a press conference I held with Mr. McKnight, the Minister of Indian and Northern Affairs, on the occasion of the Iqaluit meeting. At that time I indicated that Members of the Legislature had received clear direction from their constituents that economic development, the creation of jobs, the creation of wealth in the Northwest Territories was a first priority. I based that statement, Mr. Speaker, on the advice that was given by new MLAs who met in caucus for approximately six days following the last election, and I think to a man and woman they indicated that economic development was a first priority.

Mr. Speaker, the clear direction I was referring to, was direction from the people of the Northwest Territories in the election campaigns. I do welcome, as I have said before, input from this Legislature, and indeed from the general public, which will allow us to fine tune and improve on our Direction for the 1990s document, which we are looking forward to discussing in this House before the session concludes. Thank you.

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

Question 0301-88(1): Description Of Government As Socialist Government

MR. LEWIS: Mr. Speaker, it is clear from the debate which concluded Friday on the young offenders facility that this government seems to have made decentralization a major part of its program to redistribute wealth throughout the Northwest Territories. Since the redistribution of wealth seems to be the only economic initiative being undertaken by this government at present, and since redistribution of wealth is closely associated with socialist regimes, would the Leader describe his government as a socialist government?

MR. SPEAKER: Mr. Government Leader, would you care to try that?

Return To Question 0301-88(1): Description Of Government As Socialist Government

HON. DENNIS PATTERSON: Well, thank you, Mr. Speaker. I not only disagree with the Member's conclusion, but I disagree with the assumption on which the conclusion is based.

AN HON. MEMBER: Hear, hear!

HON. DENNIS PATTERSON: Certainly, redistribution of wealth through decentralization of government services is not the only plank in the economic development platform. In fact, I believe the Direction for the 1990s document does not even refer to that issue at all, if the Member would examine it. Thank you, Mr. Speaker.

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

Question 0302-88(1): Undermining Participation Of Regional Organizations

MR. NERYSOO: Thank you, Mr. Speaker. This is a question directed to the Minister responsible for Education and it refers to an item that was on the CBC news on March 16th, 1988, in which the Minister indicated he was concerned or surprised that the Inuvialuit Regional Corporation was getting involved in the issue of education. I am concerned and maybe if the Minister could allay my fears that the comments may reflect a direction of government that will undermine, or not recognize the responsibilities of the various regional organizations including the Inuvialuit Regional Corporation, from participating in any discussions relating to education or other government programs that affect their particular areas.

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

Return To Question 0302-88(1): Undermining Participation Of Regional Organizations

HON. DENNIS PATTERSON: Mr. Speaker, all I meant to say, in giving those comments to the CBC, was that the prime body which is mandated to provide advice to the Government of the NWT on education matters in the Inuvik Region is the Inuvik Region Education Committee. Just as it would not be appropriate for the Inuvik Region Education Committee to, I would suggest, make pronouncements on the COPE land claim, I was a little bit surprised that the Inuvialuit Regional Corporation would have communicated so many concerns about education matters.

Having said that, I said to the CBC, as I recall, that I welcome general interest and concern in education and I provided a response to each of the Inuvialuit Regional Corporation concerns, some of which were totally unfounded and would not have been suggested if the IRC had been more involved in day-to-day education matters, I would submit. So I welcome their interest and concern in education. My only point was that another body in the Inuvik Region has the prime mandate to be the spokesman on those matters.

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

Supplementary To Question 0302-88(1): Undermining Participation Of Regional Organizations

MR. NERYSOO: Mr. Speaker, despite the fact that the Minister has responded, the response concerns me in that if the jurisdiction of education was only an issue that was related to the prime bodies, then we would not have the kind of educational arrangements that now exist, for instance, with such organizations as the Mackenzie Delta Regional Council which negotiated moneys on behalf of the government and, in fact, negotiated an arrangement of utilizing the Aurora Campus for providing an educational program for young entrepreneurs. So if the Minister could indicate whether or not he is going to clarify to the regional organizations, including the Inuvialuit Regional Corporation, that they do have a say -- and, in fact, it is very clear in the final agreement that they do have a say in educational matters that relate to the beneficiaries of their claim -- or for that matter those other organizations that are directly involved in the development of educational programs, and that the comments made are in no way intended to undermine the relationships and responsibilities those organizations have.

MR. SPEAKER: Mr. Minister.

HON. DENNIS PATTERSON: Mr. Speaker, I do acknowledge that bodies like the Mackenzie Delta Regional Council and the Deh Cho Regional Council have made arrangements with the Department of Education or with other governments to provide critical educational services. I am open to that possibility. As far as the mandate of the Inuvialuit Regional Corporation in education, I will have to take that comment as notice, review the terms of the final agreement and get back to the Member on the corporation and on the particular question of their mandate in education matters. Thank you.

MR. SPEAKER: Thank you, Mr. Minister. Taken as notice. Item 5, oral questions. Mr. Richard.

Question 0303-88(1): Status Of Budget Changes Made By Cabinet

MR. RICHARD: Thank you, Mr. Speaker. A question for the Minister of Finance. Mr. Speaker, last week the Government Leader indicated that the change in the location of the young offenders facility arose out of the new cabinet's review of the old cabinet's capital budget and I asked the Government Leader if there were any other changes which emerged from that review. The Government Leader subsequently indicated four other specific changes, three of them in Education and one in MACA. My question for the Minister of Finance, Mr. Speaker, is, will we be seeing motions by the Minister of Finance to change pages in the main estimates or capital estimates books, or have those changes already been made in the documents that we have been provided with?

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

HON. MICHAEL BALLANTYNE: Thank you, Mr. Speaker. It is my recollection that these decisions were made earlier and the changes have already been incorporated in the book but I will take the question as notice and get back to the Member.

MR. SPEAKER: Thank you, Mr. Minister. You are taking the question as notice. Oral questions. Mr. Richard.

Question 0304-88(1): Boards Of Health In Place For Transfer

MR. RICHARD: Mr. Speaker, a question for the Minister of Health. Mr. Speaker, with a view to the takeover on April 20 or 21, whenever the date is, of federal responsibilities in the delivery of health services, and with my understanding that the Minister is going to put in place regional boards of health to carry out these functions, and that date being just three weeks away, are there regional boards of health with memberships and administrative staff, executive directors, in place at the moment to take on this responsibility on April 20th?

MR. SPEAKER: Thank you, Mr. Richard. Ms Cournoyea.

Return To Question 0304-88(1): Boards Of Health In Place For Transfer

HON. NELLIE COURNOYEA: Mr. Speaker, we are continuing on a day-to-day basis attempting to get the membership of boards in place; all the names and the background of the individuals that are coming recommended. At this time the public administrator has been appointed to work at the regional level to get these boards in place and provide an educational process for them to move along. At this point in time in the regions, the regional director has been named as the chairman of the board so that they could work along with the other communities to bring them up to form. As to whether the boards will be in place by April 20th, on the question of one section, the Mackenzie Valley board, I doubt very much that we would be able to accomplish that by April 20th because they are uncertain exactly how those boards should be set up. So the process of working in the regional levels to develop the expertise and the background is being done by a public administrator.

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

Supplementary To Question 0304-88(1): Boards Of Health In Place For Transfer

MR. RICHARD: Yes, Mr. Speaker, supplementary. This public administrator who is charged with putting these boards in place. It is my information, Mr. Speaker, that the public administrator has experienced some difficulty in meeting the time deadlines and that he has sought permission from the Executive Council that there be a further six month delay in implementation of this new regime. Can the Minister confirm whether my information is correct in that regard?

MR. SPEAKER: Madam Minister.

Further Return To Question 0304-88(1): Boards Of Health In Place For Transfer

HON. NELLIE COURNOYEA: Mr. Speaker, I feel that the Keewatin board will be in place. I feel that the Inuvik regional board could be in place quickly. The area where he could be correct, in terms of a longer time frame, is the Mackenzie Valley board. However, we have recognized, with the people who are working with us in the development of that board, that it would take a longer period of time to get that board in place.

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

Question 0305-88(1): GNWT Action To Create New Wealth

MR. LEWIS: Mr. Speaker, given the response by the Government Leader that this is not a socialist government and does not rely on the redistribution of wealth only to create an economy, I would like to ask a supplementary question of the Minister responsible for Economic Development and Tourism. What in fact is this government doing to create new wealth? Thank you.

MR. SPEAKER: Mr. Sibbeston.

HON. NICK SIBBESTON: Mr. Speaker, that is such a general question that I find it difficult to answer on such short notice. I guess I can go into a list of things where I think the department is doing what the Member is wondering. On the other hand, I suppose I can think about it and get the department to provide me with some suggestions as to a possible response to the Member. I think I prefer to take notice of the question and provide a response in due time.

MR. SPEAKER: Thank you, Mr. Minister. You are taking the question as notice. Oral questions. Mr. Nerysoo.

Question 0306-88(1): Authority Of Hospital Boards After Transfer

MR. NERYSOO: Thank you, Mr. Speaker. This is a question directed to the Government Leader. Is the Government Leader prepared to consider having the various hospital boards removed from the policy with regard to devolution and delegation so that they may retain the type of authority that presently exists in other existing hospital boards?

MR. SPEAKER: Mr. Government Leader.

Return To Question 0306-88(1): Authority Of Hospital Boards After Transfer

HON. DENNIS PATTERSON: Mr. Speaker, the transfer policy, which I believe the honourable Member is referring to, will apply to hospital boards being created as a result of the transfer of health from the federal government to the Government of the Northwest Territories. I would point out to the honourable Member that that transfer policy does allow for the possibility of exemptions for various functions which might otherwise be provided by service agencies of this government, if such exemption can be justified on the basis of cost and efficiency. However, the cabinet has decided that the policy will apply to the boards being created but, as I said, it does allow for the future possibility of exemption from that policy if justification can be demonstrated. Thank you.

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

Supplementary To Question 0306-88(1): Authority Of Hospital Boards After Transfer

MR. NERYSOO: Mr. Speaker, a question to the Government Leader. Could the Government Leader indicate how the new hospital boards are going to be able to justify, through cost and efficiency, cost savings to our government when they have not had an opportunity to establish those boards and have them function for an appropriate time so that such an assessment can be done?

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 0306-88(1): Authority Of Hospital Boards After Transfer

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Perhaps I did not make myself clear enough. The transfer policy will apply to boards being created as a result of the transfer from the federal government to the GNWT. Once those boards are established, once they are off and running, at a



future time the policy provides for the cabinet to consider possible exemptions if it can be demonstrated that a particular service function can be delivered more efficiently other than through central service departments. So we do not expect the justification to be provided in advance, but if a board is established and can demonstrate that the central agency of a government department is not providing adequate or efficient or cost effective service, then an exemption can be considered. Thank you, Mr. Speaker.

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

Supplementary To Question 0306-88(1): Authority Of Hospital Boards After Transfer

MR. NERYSOO: Mr. Speaker, could the Government Leader indicate why an exemption could not be granted to a newly established board in light of the experience of the Baffin Regional Hospital Board which, in fact, saved us money? Why can such an exemption not be given to the newly established board which may end up saving us money in the long term?

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 0306-88(1): Authority Of Hospital Boards After Transfer

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Firstly, I would have to point out to the honourable Member that in the current year, according to information I have, the Baffin Regional Hospital Board will be requiring supplementary funding from this government because they have exceeded the budget allotted them.

Secondly, Mr. Speaker, I can assure the honourable Member that we have very carefully scrutinized the potential economies and efficiencies which could result from applying this transfer policy to boards being created, and we have identified substantial savings of person years, offices, housing, which can result from the economies of scale, from taking advantage of service departments for administrative functions.

Finally, Mr. Speaker, I would also like to acknowledge that we have taken heed of the advice from the standing committee on finance that in the creation of future boards and in future transfers of responsibilities to boards and agencies, the government should seek economies of scale of this kind, without interfering with program authority. I have to also point out with reference to the Baffin Regional Hospital, preliminary examination of their department of finance, which is larger than the Department of Finance in the Baffin Region, which runs the entire remaining government apparatus in the Baffin Region, examination of their department of personnel, which is almost as large as the Department of Personnel required to service all other government departments in the Baffin Region, and examination of their maintenance capability, which in large measure duplicates the maintenance capability of the GNWT Department of Public Works in the Baffin Region -- that examination leads us to believe that there would be considerable savings of person years, dollars, housing and office space, if we were to merge some of those administrative functions with GNWT departments. Savings and dollars could then in turn be applied to the health priorities that have been identified by the Baffin Regional Hospital Board which we otherwise might be unable to afford additional moneys to support. Thank you, Mr. Speaker.

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

Supplementary To Question 0306-88(1): Authority Of Hospital Boards After Transfer

MR. NERYSOO: Further to the previous questions, to the Government Leader. Is the Government Leader prepared to live up to the commitments that were made by the previous government of which the honourable Member was a Member when he signed and agreed to certain terms and conditions, including setting up a regional hospital board in the Inuvik Region, that was similar to and had the same authorities as the health boards that now exist?

MR. SPEAKER: Mr. Patterson.

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. The honourable Member asked me a similar question earlier in this session and I apologize. I expected to be able to give a detailed answer on that question in returns to oral questions today. The return is being reviewed and I will provide that response tomorrow. So I will take that question under notice and will provide a detailed response tomorrow. Thank you.

MR. SPEAKER: Thank you, Mr. Patterson. You are taking that as notice. Oral questions. Mr. Richard.

Question 0307-88(1): Effect Of Transfer Policy On Existing Hospital Boards

MR. RICHARD: Thank you, Mr. Speaker. I have some questions also to the Government Leader with respect to the health transfer and the GNWT transfer policy. On an earlier date, along with Mr. Nerysoo, I asked questions of the Government Leader about this policy. I specifically asked on March 8th about the retroactive effect of the new GNWT transfer policy on existing hospital boards of management. The Government Leader on that date was fairly clear in his response to me that it was not the intention of the Executive Council to apply the transfer policy retroactively to existing boards of management. Subsequently, the Government Leader on March 21st made a statement which was different from that. Mr. Speaker, can the Government Leader today make a clear and unequivocal statement -- or perhaps I will ask it this way, Mr. Speaker: Contrary to what the Government Leader told me in the House on March 8th, is it not the intention of the Executive Council to have the GNWT transfer policy apply to existing boards of management like Stanton hospital and Fort Smith within 18 months?

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

Return To Question 0307-88(1): Effect Of Transfer Policy On Existing Hospital Boards

HON. DENNIS PATTERSON: Mr. Speaker, it is the intention and the decision of the GNWT to examine the applicability of the health transfer policy to existing boards like the Stanton hospital board on a case by case basis over the period ending in September, 1989. The confusion that required a supplementary statement on my part was with respect to the Member's use of the Fort Smith board as an example. The Fort Smith hospital board is an existing board which looks after the hospital in Fort Smith and it would not be the intention of the government to apply the transfer policy to that specific existing board. However, the Fort Smith board is undergoing a transformation into a regional health board and it will become part of the board which has an entirely different character and jurisdiction and area of responsibilities. The transfer policy will apply to that new creature that is to be established over the next period of time. But I would like to clarify, Mr. Speaker, that existing boards will not be subject to retroactive application of the transfer policy. I hope that our position is clear on that. That certainly includes the Stanton Yellowknife Hospital Board. Thank you.

Supplementary To Question 0307-88(1): Effect Of Transfer Policy On Existing Hospital Boards

MR. RICHARD: There will be no retroactive policy?

Further Return To Question 0307-88(1): Effect Of Transfer Policy On Existing Hospital Boards

HON. DENNIS PATTERSON: There will be no retroactive application of the transfer policy to the Stanton Yellowknife Hospital Board, Mr. Speaker. We will, however, over the period of the next 18 months or so be examining the applicability of the transfer policy to that board. We will be looking at whether in the area of finance, in the area of maintenance, in the area of personnel, we may be able to achieve efficiencies and economies through application of that policy to the Stanton board. We will be doing that in consultation with the board and we will be doing it on a careful analysis of each service function. Thank you, Mr. Speaker.

MR. SPEAKER: Supplementary, Mr. Richard.

Supplementary To Question 0307-88(1): Effect Of Transfer Policy On Existing Hospital Boards

MR. RICHARD: This business sometimes, Mr. Speaker, reduces itself to a game of semantics.

MR. BUTTERS: More confusing than the courts.

MR. RICHARD: My concern, Mr. Speaker, from the outset when the government tabled this transfer policy with us, was that there are existing boards of management delivering health services very successfully and who enjoy a certain level of autonomy. My line of questioning from March 8th was directed to, "Are you going to diminish that level of local autonomy with this new policy?" Now, the Government Leader was quite emphatic on March 8th in saying, "No, there will be no retroactive

application." Now, this afternoon, the Government Leader is saying, "We will apply it retroactively, if we think we should" -- to the Stanton board, to the Fort Smith board, to the Hay River board. Now I would ask the Government Leader to confirm that, without playing games with words and semantics, that is the intention. He uses consultation with those boards. What does that mean? Will the Executive Council within the next 18 months, if in their own wisdom they feel that there are service areas in which they should impose their will on the boards of management, therefore apply this policy retroactively?

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 0307-88(1): Effect Of Transfer Policy On Existing Hospital Boards

HON. DENNIS PATTERSON: Well, Mr. Speaker, the consultation process has not yet begun. The Member is assuming that there is going to be a disagreement between the government and the board when we look at analysing whether or not there are economies to be achieved by applying the transfer policy. I look at it positively, Mr. Speaker. I expect that we will sit down with a board and say, "According to our calculations" -- and I hope we will be able to agree on these things -- "if you take advantage of certain administrative services which can be provided by the Government of the Northwest Territories, you will save person years; you will save dollars; you will save office requirements -- money which could be put into your programs and priorities as a health board." I think if we would make that kind of an offer to any hospital board in the Northwest Territories and say that we can see economies and efficiencies which can be applied to health priorities, such as mental health services, which everyone agrees are deficient in the Northwest Territories, that they would jump at the opportunity to take advantage of those savings and apply those savings to their programs. So, Mr. Speaker, I think the Member is prejudging the negotiations and assuming that there will be a disagreement. Our object is going to be to achieve agreement and understanding and that is why we have budgeted, I believe, a considerable amount of time to carry on these discussions in a good faith manner and to work out acceptable new approaches to the mutual benefit of the government and the board.

If there are disagreements, we will cross that bridge when we come to it but I am not prepared to prejudge now what position the government will take if we reach a stand-off with a board. I think it would be premature to say that we will arbitrarily impose our will. I would rather say that we will negotiate in good faith and make a case which I think will be accepted. Which board would not be willing to see savings applied to health priorities in their particular hospital or region? So I am not prepared to say that we are going to be arbitrary, Mr. Speaker. I think we can reach agreement and I would prefer to look on it positively. We will keep the Members and the House informed as these negotiations go along and I would hope that the existing health boards will have an open mind as well and consider that economies just might possibly be obtained.

Perhaps they are operating with maximum efficiency and there is no potential whatsoever for economies of scale by integrating with existing government service departments. Our examination of the boards that are being created indicates that that is definitely not the case. Our examination of the Baffin Regional Hospital Board, which has 18 persons in its department of finance; which has five persons in its department of personnel -- almost as much in the case of personnel as the Personnel department which services the entire government and more, in the case of finance, than the Department of Finance that services the entire government. Our indications there are that there are considerable savings and that the Baffin health board, when we sit down to discuss it and translate those savings into mental health workers, services to elders, enhanced alcohol and drug programs, will be very eager to discuss with us this way of generating non-administrative person years and dollars. So I hope no one is prejudging these negotiations, Mr. Speaker, and that is the attitude the government is taking on it. Thank you.

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

Question 0308-88(1): Departmental Allocation Of Transfer Funding

MR. RICHARD: Thank you, Mr. Speaker. Mr. Speaker, unfortunately, in the last week I have learned that when this Executive speaks of cost savings and economies of scale and cost efficiency, I now have to take those statements with a grain of salt. My next question then, Mr. Speaker, has to be one of inquiry of the Government Leader or the Minister of Finance or the Minister of Health about

the amount of money that our government is to receive from the Government of Canada in connection with this health transfer. If the Government Leader's statement is correct, that the cost savings are going to stay in Health, can I ask whether the chunk of money coming from the Government of Canada is being carved up to other government departments, or is the entire amount of money coming from the Government of Canada going to the Department of Health only? Are there new PYs being created in the Department of Personnel or DPW? Are new dollars going there? Because if they are, where is the money that is going to go to add to health programs, mental health workers? Can I ask then, Mr. Speaker, for one of these Ministers to explain to me how the chunk of money coming from the Government of Canada is going to be allocated once it arrives here with our government?

MR. SPEAKER: Mr. Patterson.

Return To Question 0308-88(1): Departmental Allocation Of Transfer Funding

HON. DENNIS PATTERSON: Mr. Speaker, maybe I can give the Member a specific example. I am not sure if my information is accurate, but let us say in the Kitikmeot Region that there are two people now on staff in the Department of Public Works who maintain Government of the NWT schools, offices and staff houses. There will be a new health board created in the Kitikmeot Region with the responsibility of maintaining health personnel staff housing and nursing stations in that Kitikmeot Region.

Now we are faced with the option, Mr. Speaker, of creating an entirely separate, stand-alone department of public works to maintain the nursing stations and the health personnel's houses with its own tools, with its own travel budget, with its own maintenance program, housing and the related infrastructure costs and I can speculate that the Department of Health would probably require, for providing those services to the number of communities in that region, at least two person years and associated housing and travel costs. We can do that; we can set up an independent department of public works and an independent department of personnel and an independent department of finance, an independent department of purchasing, an independent interpreter service, or we can examine in that region whether or not we can add incrementally to the Department of Public Works that already is in place in the Kitikmeot with tools and housing and a maintenance program. By adding perhaps no more than one person year, instead of two or three, to that Department of Public Works we can save one person year, one house which we then might be able to apply to community health representatives in the Kitikmeot or which we then might be able to apply to hire even one mental health worker.

So, Mr. Speaker, our examination of these service functions on a case by case function, on a region by region function, indicates that indeed through these kinds of savings, there are considerable person years to be recovered which will be available for improved services and also for contingencies which we may not have calculated for in the health transfer negotiations. So instead of having a plane leaving with GNWT DPW people who have just fixed the school and a plane coming in with GNWT Health public works personnel who are going to fix the nursing station, we will be co-ordinated. We will be taking advantage of economies of scale. So that is the kind of example I am talking about.

The answer to the Member's question is: Yes, indeed, we have considered how the resources available to this government can be best utilized by economies of scale of the kind I have described. I can assure the honourable Member that we have identified over the long run a substantial savings of person years and dollars, not to mention housing and leasing costs, which will result from these economies of scale. That is what the standing committee on finance recommended we should do. So that is the way we are proceeding, Mr. Speaker. The moneys are not going into entirely stand-alone, independent, service departments of the eight health boards that will be in place once the transfer is concluded. Thank you.

MR. SPEAKER: Thank you, Mr. Patterson. I want to advise the House that I have received a communication from the Commissioner's Office dated March 28, 1988, and it reads, and I quote, "I wish to advise that I recommend to the Legislative Assembly of the Northwest Territories passage of Bill 31-88(1), An Act Respecting Supplementary Appropriations for the Government of the Northwest Territories for the Fiscal Year Ending March 31, 1989, during this second session of the Legislative Assembly." This is signed by Ann Hanson, Deputy Commissioner. Oral questions. Mr. McLaughlin.

Question 0309-88(1): Total Health Care Funding Transferred To Health Boards

MR. McLAUGHLIN: Thank you, Mr. Speaker. I would like to pursue some of what Mr. Richard has already started. It was the intention of the former government to basically give communities control of the health system through regional health boards. In order to achieve agreement from the native organizations and the communities, that is what was sold to them; that the Baffin regional model would be what was going to happen. In listening to the Government Leader speak on this, I believe that this is still going to be achievable through what he has described. Mr. Speaker, I think what Mr. Richard alluded to is very important, as to what happens with the money that is being transferred, because the money that is being transferred comes from a department that has its own personnel, finance and maintenance divisions. I think it is very important that the money be transferred to the regional boards of health only. So I would like to ask the Government Leader specifically: Will the boards still get the total amount of health care dollars transferred into their regions, with them having the spending authority, but having conditions set upon them that force them to use DPW and Finance and Personnel where that is necessary and cost efficient?

MR. SPEAKER: Mr. Government Leader.

Return To Question 0309-88(1): Total Health Care Funding Transferred To Health Boards

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. I am pleased to confirm that the GNWT transfer policy, and indeed the arrangements we are now finalizing with respect to the transfer of health services, will see the entire budget required for the delivery of services, such as maintenance, personnel, finance, legal services, interpreting services and others I may not have thought of, transferred to the regional health board. They will have all the money that will be required to operate health services and support services related to health services in their budget. Their budget will reflect financially the entire responsibility they have been given. However, as the honourable Member has suggested, the transfer policy will require boards to contract with service departments to provide certain services through regional central services that are already in place. But the money will be transferred, Mr. Speaker, as the Member has asked. Thank you.

MR. SPEAKER: Thank you, Mr. Patterson. Is it a supplementary? Mr. McLaughlin.

Supplementary To Question 0309-88(1): Total Health Care Funding Transferred To Health Boards

MR. McLAUGHLIN: Thank you, Mr. Speaker. Then to get specific on that, an example might be that in the Baffin right now if they are spending half a million dollars and using five person years to accomplish, say, a maintenance objective in the region and it can be proven to them that DPW can do it for \$400,000 and four person years, then that will mean that the board will have \$100,000 and a person year left to do something else with in the field of health, that is, mental health, which is not being delivered in the regions right now.

MR. SPEAKER: Mr. Patterson.

Further Return To Question 0309-88(1): Total Health Care Funding Transferred To Health Boards

HON. DENNIS PATTERSON: Yes, the Member is absolutely correct, Mr. Speaker. His example is entirely correct. I might point out, interestingly enough, that I am aware that in the Baffin Region the Baffin Regional Hospital is already relying on the GNWT Department of Public Works to do maintenance functions. They cannot cover the 13 settlements in the Baffin Region with the staff that they have, so they often are relying on our Department of Public Works anyway; so I think that in the case of maintenance it will probably be very easy to persuade the Baffin Regional Health Board that indeed there are economies, and most certainly I agree with the Member on this. Economies identified will be available for health. They will be available for health priorities that these boards have identified and will be identifying in the future. That is the object of the policy and the Member has a very clear understanding of it. Thank you, Mr. Speaker.

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

Question 0310-88(1): Federal Department Of Public Works Staff In Health Maintenance

MR. NERYSOO: Thank you, Mr. Speaker. Having listened to the discussion of this questioning, I have very serious concerns about the process of negotiations because of the cases that the staff and the maintenance people of the hospital are going to suffer. Rather than the government having

negotiated the responsibility on behalf of DPW of Canada, if they are going to allow DPW to retain their staff and in fact take away from the hospital maintenance people, then this process of negotiation concerns me. Could the Government Leader indicate whether or not there will be a reduction in DPW Canada and whether or not that would mean there would be an increase in DPW, and could the Minister also indicate why, then, is there a reduction in the maintenance in the hospital in this process? There are two elements of maintenance: one dealing with Department of Public Works of Canada and one dealing with the hospital staff.

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

Return To Question 0310-88(1): Federal Department Of Public Works Staff In Health Maintenance

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, I would like to assure the honourable Member that existing federal Department of Public Works staff who are involved in health maintenance will be taken over by this government. There will be no erosion of their jobs or their strengths as a result of this transfer. I should also point out, Mr. Speaker, that in some regions such as, I believe, Keewatin and Kitikmeot, there are no existing staff present in the region from DPW Canada. Mr. Speaker, our intention is to take over the existing Department of Public Works of Canada staff and over a period of time, through a careful transition phase and through attrition, we expect we will be able to reap savings which could then be applied to health priorities in a particular region. But I would like to assure the honourable Member that no federal people presently involved in public works or other functions that may be subject to the transfer policy will actually be losing their jobs as a result of this transfer policy. We are taking everyone they have, but carefully integrating them with our present work force over time. Thank you, Mr. Speaker.

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

Supplementary To Question 0310-88(1): Federal Department Of Public Works Staff In Health Maintenance

MR. NERYSOO: Thank you, Mr. Speaker. Could the Minister indicate why he is applying the devolution policy arbitrarily to the Inuvik Region and the Mackenzie Valley when he indicated clearly to the Members for Yellowknife and Fort Smith and other Members in this House that this policy will not be applied arbitrarily but rather through the negotiation process? Why is the government not allowing the other regions to negotiate the appropriate arrangements, rather than suggesting the policy will apply?

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

Further Return To Question 0310-88(1): Federal Department Of Public Works Staff In Health Maintenance

HON. DENNIS PATTERSON: Well, Mr. Speaker, I guess the reason why the policy is being applied to new boards that are being created is because when the existing boards were established the government had no such transfer policy. This transfer policy is a relatively new policy which has been developed as a result of the experience we have had with transfers we have been negotiating over the last couple of years, where we have looked back on those transfers and said, "We could have done this better. We should have done this differently." We have been basically duplicating resources in what I call the "administrivial" functions; the functions that are not critical to program delivery; the functions that are not the things that health boards talk about at their meetings. We have been duplicating resources and, as a result, not achieving the kinds of efficiencies and economies that good government would require we achieve.

So, Mr. Speaker, the new policy will be applied to all future transfers and all transfers currently in place. But it was felt that it would be unfair to arbitrarily apply that policy to existing boards without a careful opportunity to consult with them to demonstrate the advantages to them of applying this transfer policy. Mr. Speaker, I think we would have had a storm of protest on our hands if we had had applied the policy to existing boards with no notice and without a proper consultation. I believe the honourable Member for Yellowknife South agrees with that. We believe the policy is correct and in the best interests of the best and more efficient use of public moneys which we are spending. So we want the policy to be applied to new boards and we think that with proper consultation, we will be able to demonstrate to existing boards the advantages of the application of that policy. Thank you, Mr. Speaker.

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

Supplementary To Question 0310-88(1): Federal Department Of Public Works Staff In Health Maintenance

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MR. NERYSOO: Mr. Speaker, further questions to the Government Leader. It concerns me, Mr. Speaker, that the concerns that the honourable Member has with regard to the existing boards do not exist for new boards and, in fact, do not exist probably within government. The simple fact is that there should be recognition and respect for those people who have gone through the process of negotiation and led to various agreements. What concerns me even more, Mr. Speaker, are the "administrivial" kinds of responsibilities that these boards are supposed to have. I do not believe for one moment, Mr. Speaker, that these people have trivial responsibilities. Such things as transportation of sick, ill people is not a trivial responsibility. Such things as paying for your own staff is not trivial. Could the Minister indicate whether or not these other boards are going to be allowed the opportunity to negotiate their relationship and their responsibilities that are now to be given to the existing board members and if not, why not? And why will not these individuals have the same kind of autonomy and responsibility that the existing boards have?

MR. SPEAKER: Mr. Minister.

Further Return To Question 0310-88(1): Federal Department Of Public Works Staff In Health Maintenance

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HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, I did not mean to imply that the administrative services provided by central agencies are not important. What I meant to imply was that it should not be important to the board who provides these services, as much as that they are provided and that they are provided efficiently. Now, Mr. Speaker, the Member is implying that we are not concerned about the expectations of the boards that are being created. I can assure the honourable Member that we are concerned about their expectations and we are meeting with those boards which are in the process of being established to explain the implications of this transfer policy and indeed the advantages of this transfer policy.

I have to point out, Mr. Speaker, that without the transfer policy being applied, we would today be spending hundreds of thousands of dollars leasing houses and offices and employing people in the Keewatin Region that, upon the application of the policy, we would find we no longer need. So, Mr. Speaker, I think there is a fundamental question of the best use of the dollars that are being transferred to us for health being applied to the program priorities that these boards are going to identify. I do not think the board cares who fixes the frozen water tank at the nursing station, whether it happens to be a GNWT employee, who has some resources from the federal government to travel to fix that nursing station, or whether it is an employee of the health board. I think what the boards care about is that the frozen tank is thawed. That is the point I wish to make, Mr. Speaker, is that as long as the services are being delivered it should not matter how they are delivered, provided they are being delivered efficiently and with the best use of the precious dollars that are going to be available to us for health services.

Mr. Speaker, I am confident that when we have an opportunity to explain the reasoning behind this transfer policy to the new boards who care most about mental health and about preventive health services, areas that they want to see expanded under this government, they will accept that saving money on administrative service functions and applying that to the critical health functions that these boards are most concerned about is a wise use of public resources. Thank you, Mr. Speaker.

MR. SPEAKER: Final supplementary, Mr. Nerysoo.

Supplementary To Question 0310-88(1): Federal Department of Public Works Staff In Health Maintenance

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MR. NERYSOO: Thank you, Mr. Speaker. I guess people in this Assembly do not really care about health services; only the health boards do, at least from the comments made by the honourable Member. We do not care; we are more worried about whether or not there is an administrative body that runs itself independently. But that is not the case and certainly that is not the case with the questioning I am directing to the honourable Member. Could the Government Leader indicate whether or not he is prepared to negotiate with the Inuvik health board, or any new health board, the kind of relationship that exists in other boards right now and the kind of authority?

MR. SPEAKER: Mr. Patterson.

Further Return To Question 0310-88(1): Federal Department Of Public Works Staff In Health Maintenance

HON. DENNIS PATTERSON: Mr. Speaker, I would like to make it clear that the boards' authority will not be eroded by the transfer policy. They will still decide who they are going to hire and fire. There may be a person from the Department of Personnel present at an interview to make sure that the collective agreement is complied with and to make sure that procedures are properly followed. The boards will decide what they want to purchase and how much. The government is not going to be interfering in any of these critical decisions. However, the processing of the requisition may be handled by a Government Services clerk. It is not correct, as well, to imply that medivacs will be administered by a department of the government. These critical decisions will be made by Health personnel reporting to the health board. Mr. Speaker, the Member gave an example, medical transportation. I would like to point out that...

MR. NERYSOO: You said they were trivial...

MR. SPEAKER: Order! Mr. Patterson, you have the floor.

HON. DENNIS PATTERSON: Mr. Speaker, I was just trying to clarify that critical decisions, such as hiring and firing, what is purchased and how much, where the repair and capital priorities of the health boards lie -- those decisions will be made by the health boards. The carrying out of those functions at the clerical level will be supported by central agencies already existing in the region of the GNWT under this policy.

Mr. Speaker, I would like to also clarify that I know that Members of this Assembly are properly concerned about the health transfer and health matters. I did not wish to imply that only the health boards have the authority to raise questions in this matter. I believe that one of the advantages of the GNWT accepting responsibility for health is that for the first time in the North, Ministers of this government will be accountable to elected Members of this Assembly directly, for answering questions on health services, instead of a remote Minister in Ottawa or remote administration in Edmonton or Ottawa. So to answer the Member's question, the transfer policy will apply to new boards and I am not prepared, although it would not even be my responsibility -- this government is not prepared to negotiate exceptions to that transfer policy. The policy is approved; it has been provided to this Legislature and I think it is very clear. I also hope that these questions, which I really welcome today as an opportunity to amplify reasons for this policy, have made it clear that we have had in our minds the best interests of the people of the NWT and the maximization of the moneys that are available to us for health services when we passed and approved this policy, and when we apply it to these new boards.

MR. SPEAKER: Oral questions. Mr. Ernerk.

Question 0311-88(1): Representation From Keewatin Region On Churchill Health Centre Board

MR. ERNERK: Thank you very much, Mr. Speaker. My question is directed to the Minister of Health. Whereas the patient utilization of the Churchill Health Centre is 60 per cent from the Keewatin Region and 40 per cent from northern Manitoba; and whereas the Churchill Health Centre Board is represented mostly by residents of Manitoba and very few from the Keewatin Region, my question is this: Can the Minister negotiate, in co-operation with the Manitoba government, an appropriate ratio of board membership from the Keewatin Region?

MR. SPEAKER: Thank you, Mr. Ernerk. Ms Cournoyea.

Return To Question 0311-88(1): Representation From Keewatin Region On Churchill Health Centre Board

HON. NELLIE COURNOYEA: Mr. Speaker, the issue as it relates to the Churchill facility has been an issue of ongoing negotiations with this government. The make-up of that board is, at this point in time -- the municipal legislation of Manitoba restricts majority representation from another jurisdiction. The status is that we can have one less than majority.



MR. SPEAKER: Thank you, Ms Cournoyea. Oral questions.

Item 6, written questions.

Item 7, returns to written questions.

Item 8, replies to Opening Address. Item 9, petitions. Mr. Kilabuk.

ITEM 9: PETITIONS

MR. KILABUK: (Translation) Mr. Speaker, I have Petition 4-88(1), some correspondence coming in from the women's group in Pangnirtung, which is requesting funding from the government. This money would be used for the purchasing of skins. The petition is signed by the women's group of my community. Thank you.

MR. SPEAKER: Thank you, Mr. Kilabuk. Petitions.

Item 10, reports of standing and special committees. Item 11, tabling of documents. Mr. Arlooktoo.

ITEM 11: TABLING OF DOCUMENTS

MR. ARLOOKTOO: (Translation) Thank you, Mr. Speaker. I have correspondence here from the Cape Dorset Education Council. I wish to table Tabled Document 109-88(1), a letter addressed to myself, as well as the Baffin Divisional Board of Education, and including the Minister of Education. This is in regard to the concerns of the Cape Dorset Education Council regarding the shortage of housing for teachers in that community. Thank you.

MR. SPEAKER: Thank you, Mr. Arlooktoo. Tabling of documents. Item 12, notices of motion. Mr. Ballantyne.

ITEM 12: NOTICES OF MOTION

Notice Of Motion 18-88(1): Additional Sitting Hours

HON. MICHAEL BALLANTYNE: Mr. Speaker, I give notice that on Wednesday, March 30th, I will move, seconded by the honourable Member for Inuvik, that the Speaker be authorized to set such additional sitting hours as he may consider necessary in order to effectively carry out and conclude the business before this House.

MR. SPEAKER: Thank you, Mr. Ballantyne. Notices of motion.

Item 13, notices of motion for first reading of bills. Item 14, motions. Motion 17-88(1), Tabling of Transcript of Public Hearing on Preparation of Report of the Task Force on Aboriginal Languages. Mr. Gargan.

ITEM 14: MOTIONS

Motion 17-88(1): Tabling Of Transcript Of Public Hearing On Preparation Of Report Of The Task Force On Aboriginal Languages

MR. GARGAN: Mr. Speaker:

I MOVE, seconded by the honourable Member for Baffin South, that this Legislative Assembly request the Government of the Northwest Territories to prepare and table in this Assembly the verbatim transcript of the public hearing in the Northwest Territories that resulted in the preparation and final report of the task force on aboriginal languages;

AND FURTHER, that the government consider having this transcript prepared by an independent body such as the regional council or native organization.

Thank you.

MR. SPEAKER: Thank you, Mr. Gargan. The motion is in order. To the motion. As the mover of the motion, Mr. Gargan, would you like to speak to it?

MR. GARGAN: Mr. Speaker, as the result of the community hearings, there was a report done by the task force on aboriginal languages and a number of recommendations were given in this, on a 10 year plan. This task force was established by the Executive Council and the result of that was this tabled document. Previously, Mr. Speaker, the Legislative Assembly established a special committee on housing. The recommendations were discussed in the House before any kind of final draft was given. In this case it was not.

I was also given the tapes. There are something like 42 tapes that I have in my possession, that the Department of Culture and Communications have given me, on the community hearings. Unfortunately, I do not speak the Dogrib language nor the Inuit languages nor the Loucheux language for that matter. So I would be able to transcribe only something like about nine communities in my own area, where I understand the languages, including the English language too.

But I believe that the results of this study perhaps were made even before the task force was established by the Executive. I am not satisfied that this is what the communities have said. For this reason I would like to see the transcripts and be able to say that I am satisfied then, that the final result of this report is, in fact, what the communities want. I do not know whether the 10 year plan was what the communities wanted. I thought it was more of a critical issue of providing translations at the local level for people who still do not speak the English language or the French language. So this is the situation but unfortunately that is not what happened. The result of the community hearings has established a big bureaucracy again, here in Yellowknife, but actually no deliveries are going into the communities except if you are here in Yellowknife.

This is the reason why I would like to find out exactly what was said in the communities and whether this report really justifies what was said. So for this reason I would like to ask the Members to support me on this. It is more or less just asking the department to provide the Members with transcripts as it did for the special committee on housing. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Gargan. To the motion. As seconder of the motion, Mr. Arlooktoo.

MR. ARLOOKTOO: (Translation) Thank you, Mr. Speaker. I appreciate the comments made by the mover of the motion. I am happy to be able to second the motion as I am from one of the smaller communities and I am using my own language and have the privilege to do so. I am going to seek your support during the vote on the motion. I do not have too much to add to the motion because the speaker prior to me said everything that I hoped he would, so I am asking for your support when we come to a vote on this motion. Thank you.

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

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, I do not want to take a position on this motion but in the absence of the Minister for Culture and Communications, who is attending a meeting of Ministers of Fisheries today, I would just like to provide some factual information which may assist the Members of the House in considering this motion.

#### Translation Of Tapes

As Members know, Mr. Speaker, the task force on aboriginal languages was appointed by the 10th Assembly and has held its hearings and made its recommendations to the 10th Assembly and the Government of the Northwest Territories provided the 10th Assembly with a response. Mr. Speaker, verbatim tapes of all meetings are available. Verbatim transcripts of the meetings in the Dene communities were not translated nor transcribed, I am told, because the only interpreter-translators available when the hearings were completed, were those of the language bureau, and they were not available full-time for the extensive work that would be required to transcribe these tapes. The Dene members of the task force decided not to contract the work to anyone simply because free-lancers to translate the tapes were not available.

Mr. Speaker, I am informed, however, that the task force decided that they could review the content of the hearings in the Dene communities by reviewing the tapes themselves and also by briefing themselves when the report of the task force was being developed. Mr. Speaker, finally, the department estimates that it would cost between \$50,000 and \$70,000 to translate and transcribe the

tapes into English. That cost would undoubtedly increase if the Member's motion, and I am not really sure what it requests -- if the Member's motion requires verbatim transcripts in both English and the aboriginal languages. I hope this information is useful to Members in considering this motion. Thank you, Mr. Speaker.

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

AN HON. MEMBER: Question.

MR. SPEAKER: Question has been called. Mr. Gargan, would you like the final debate?

MR. GARGAN: Mr. Speaker, no. Just to clarify. What I wanted from the Department of Culture and Communications is yes, the verbatim transcripts in English. I believe the Inuit Members would probably want theirs in the Inuit language too. This would serve as a document that would justify what is written here. I realize that the taxpayer did pay for this task force to go travelling to the communities but in order for them to justify the results of their work, they have to get some kind of transcripts to indicate that these are, in fact, what resulted in this report. So I would like to be satisfied that what is in here is what is being said. I would like the communities to think that what was said was what was said in the committee too, the result of this report. Thank you, Mr. Speaker.

Motion 17-88(1), Carried

MR. SPEAKER: Thank you, Mr. Gargan. Question has been called. All those in favour of the motion? Thank you. All those opposed to the motion? This motion is carried.

---Carried

Item 15, first reading of bills. Mr. Ballantyne.

ITEM 15: FIRST READING OF BILLS

First Reading Of Bill 6-88(1): Loan Authorization Act, 1988-89

HON. MICHAEL BALLANTYNE: Mr. Speaker, I move, seconded by the honourable Member for Iqaluit, that Bill 6-88(1), An Act to Authorize the Making of Loans During the Fiscal Year Ending March 31, 1989, be read for the first time.

MR. SPEAKER: Thank you, Mr. Ballantyne. Your motion is in order. All those in favour? Thank you. All those opposed? The motion is carried.

---Carried

First reading of bills. Mr. Ballantyne.

First Reading Of Bill 11-88(1): Borrowing Authorization Act, 1988-89

HON. MICHAEL BALLANTYNE: Mr. Speaker, I move, seconded by the honourable Member for Slave River, that Bill 11-88(1), An Act to Authorize the Commissioner to Borrow Funds During the Fiscal Year Ending March 31, 1989, be read for the first time.

MR. SPEAKER: Thank you, Mr. Ballantyne. The motion is in order. All those in favour? Thank you. All those opposed? The motion is carried.

---Carried

First reading of bills. Mr. Ballantyne.

First Reading Of Bill 29-88(1): Interim Appropriation Act, 1988-89

HON. MICHAEL BALLANTYNE: Mr. Speaker, I move, seconded by the honourable Member for Nunakput, that Bill 29-88(1), An Act Respecting Interim 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. The motion is in order. All those in favour? Thank you. Those opposed? The motion is carried.

---Carried

First reading of bills. Item 16, second reading of bills. Ms Cournoyea.

ITEM 16: SECOND READING OF BILLS

Second Reading Of Bill 20-88(1): Northwest Territories Energy Corporation Act

HON. NELLIE COURNOYEA: Mr. Speaker, I move, seconded by the honourable Member for Yellowknife North, that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act, be read for the second time. The purpose of this bill, Mr. Speaker, is to amend the Northwest Territories Energy Corporation Act to change the name of the corporation to the Northwest Territories Power Corporation; to provide that the president is not the chairperson of the board of directors; to provide that the corporation will be operated as a fully integrated power corporation; to provide that employees of the corporation are public servants; and to provide for the capital structure of the corporation.

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

MR. BUTTERS: Mr. Speaker, the legislation placed before us today by the government for second reading, amends an act passed in 1986, the Northwest Territories Energy Corporation Act. The act was brought forward by the Minister of Energy, Mines and Resources of the day, the Hon. Tagak Curley, to ensure that when the NCPC, a long-time federal Crown corporation, was devolved to the Territories there would be a legal framework to establish a territorial "Crown". I say territorial Crown since the eventual fiscal and corporate structure of our power utilities still requires study and determination by this Legislature.

When Mr. Curley brought forward his bill he did so with the expectation that devolution would occur many months ago. The Northern Canada Power Commission has been managed and operating, and very well, I think, Mr. Speaker, in view of the climate of uncertainty for the past three years. Uncertainty is not conducive to good management, is not conducive to responsible forward operational and capital planning for any entity, let alone a utility company on whose product and services the vast majority of NWT residents depend.

Had Mr. Curley's planning schedule been realized, we would have had the luxury of time to examine, in detail, both the legislation and the fiscal arrangements associated with the desired transfer. As in most negotiations, the most important time devoted to the process is the last 20 minutes before the deal is sealed, if not signed. That deal, as our current Minister of Energy, Mines and Resources, the Hon. Nellie Cournoyea has told us, has been agreed to with the federal Minister and his cabinet in the last two weeks, on March 10, I believe. On Friday last, I understand the federal government introduced enabling legislation into the federal House to effect and expedite the transfer of NCPC to this government. Time is short. We must address this opportunity and conclude our deliberations before midnight, March 31st, an objective I am sure we will achieve and which we all support.

In view of the fact that we have only seen this legislation in the last few days, I would recommend to both the government's legislation and house planning committee and to the standing committee on legislation of this House that this amendment to the Northwest Territories Energy Corporation Act, and the act as amended, be recommended and referred for review by both committees within a year of it receiving assent. I would also suggest that we would move to an early resolution and examination of this amendment, sir, and that after the conclusion of second reading and the document is put into the committee of the whole, that all the other matters currently in committee of the whole be deferred to give precedence for consideration of this most important legislation and the financial bills related to this act.

MR. SPEAKER: Thank you, Mr. Butters. To the principle of the bill. Are you ready for the question? Question being called. All those in favour? Thank you. All those opposed? The motion is carried and Bill 20-88(1), Northwest Territories Energy Corporation Act, has had second reading.

---Carried

Mr. Clerk, Bill 20-88(1) is ordered into committee of the whole for today. Item 17, consideration in committee of the whole of bills and other matters: Report of Standing Committee on Finance on the 1988-89 Main Estimates; Bill 1-88(1), Appropriation Act, 1988-89; Ministers' Statement 13-88(1); Tabled Document 71-88(1); Tabled Document 80-88(1); Ministers' Statement 43-88(1); Tabled Document 101-88(1); Bill 25-88(1); Bill 7-88(1); Bill 20-88(1), with Mr. Gargan in the chair.

ITEM 17: CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS AND OTHER MATTERS

PROCEEDINGS IN COMMITTEE OF THE WHOLE TO CONSIDER BILL 20-88(1), NORTHWEST TERRITORIES ENERGY CORPORATION ACT

CHAIRMAN (Mr. Gargan): The committee will come to order. What is the wish of the Government House Leader? Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: We concur basically with Mr. Butters, that this NCPC bill is the first item of business after we take a break.

CHAIRMAN (Mr. Gargan): We will deal with Bill 20-88(1). Is that agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): We will take a 15 minute break.

---SHORT RECESS

Bill 20-88(1), Northwest Territories Energy Corporation Act

The committee will come to order. We are dealing with Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act. Madam Minister, would you like to make the opening remarks?

Minister's Opening Remarks

HON. NELLIE COURNOYEA: Mr. Chairman, I am sincerely pleased to be able to introduce to the Legislative Assembly, An Act to Amend the Northwest Territories Energy Corporation Act. The prime purpose of this act is to allow for the Northern Canada Power Commission to continue out of the legislative jurisdiction of Canada and into the legislative jurisdiction of the Northwest Territories.

Mr. Chairman, the specific purposes of the bill are:

- a) To change the name of the corporation to the Northwest Territories Power Corporation. The name change is being proposed since the name "power corporation" more closely represents the planned activities of the corporation.
- b) To provide that the president will not be the chairman of the board of directors. This is for the purpose of segregating the management activity from the board of directors of the corporation.
- c) To provide for the corporation to be operated as a fully integrated power corporation.
- d) To provide that the employees of the corporation will be public servants.
- e) To provide for a capital structure for the corporation which will support the long-term viability of the corporation and allow the government to meet its social obligations.

Mr. Chairman, I wish to advise Members that the agreement in principle for the transfer of the utility was agreed to by the federal cabinet on March 10, 1988. A press release summarizing the details of the agreement in principle is expected to be made public shortly. I understand that federal legislation to authorize the sale of NCPC to the GNWT is being placed before the Parliament of Canada tomorrow. Federal and territorial Ministers are planning to sign the final agreement for the acquisition of the power corporation this week.

Mr. Chairman, it is my intention to place before this House in the fall session, a new Public Utilities Act. The act before you today will provide that section 48 of the Public Utilities Act will apply to the new power corporation on October 1, 1989. It is the government's intention to provide a transition period of approximately one and one half years to allow both the corporation and the Public Utilities Board to make the adjustments which will be necessary to implement the new regulatory regime. Additionally, section 34.4 of the act will provide that there will be no power rate increases until October 1, 1989, the date on which the utility will become subject to public utilities regulation.

#### Subsidy Program

Mr. Chairman, in accepting the responsibility for this utility, the government is also assuming the responsibility for all related social obligations. Therefore, the commercial and residential power subsidy programs previously conducted by the Government of Canada will terminate on March 31, 1989. Any new subsidy program will become the responsibility of our government. I have proposed to my Executive Council colleagues that the terms and conditions of the current subsidy program continue to apply for at least the next fiscal year. During this period, I will undertake a review of the subsidy program to determine if improvements can be made.

Mr. Speaker, the current rate structure of the utility provides for subsidization of ratepayers in four different ways. Firstly, the high cost diesel zone is subsidized by the low cost hydro zone. Secondly, lower rates are charged for the first 300 kilowatt hours of domestic consumption. Thirdly, different rates are charged to different customers. For example, government customers are charged substantially higher rates than non-government customers. Finally, the government subsidizes residential customers outside Yellowknife to the Yellowknife rate for the first 700 kW.h, and commercial customers to the Yellowknife rate for the first 1000 kW.h. If the Government of the NWT or a public utilities board were to make cost-based adjustments to the utility's rate structure, diesel generated power customers would end up paying higher power bills and the government's subsidy costs would increase.

In order to ensure that power rates in diesel powered communities are not increased and that government subsidy costs are not forced to increase, as a result of a future decision of the Public Utilities Board, the act before you contains section 15.2 which deletes "rate structure" from the purview of the Public Utilities Act. It is my intention to thoroughly examine the rate structure and subsidy schemes now in place before October 1, 1989, and to review options with Legislative Assembly Members.

As I mentioned earlier, the government will be assuming new social obligations as a result of accepting responsibility for the power corporation. The act provides for the establishment of balance sheet accounts and a corporate structure which will support the long-term viability of the power corporation, while at the same time allowing for government subsidization and for rate stabilization. Accordingly, section 15.1 provides for the establishment of a stabilization account and for the provision of a comparable private sector rate of return on equity.

Finally, the act provides that there will be uninterrupted employment of employees and that this employment will continue under the Public Service Act.

Mr. Chairman, the transfer of NCPC into the jurisdiction of the NWT is an historical event that requires the passage of both federal and territorial legislation. With the rapid passage of this legislation, I will have the opportunity to conclude the final acquisition agreement on March 31st, following the passing of federal legislation.

Mr. Chairman, as the Member for Inuvik has stated, this particular initiative has caused discussion over a number of years.

Appreciation Of Work Of Former Ministers

Certainly the work of the former Ministers on the initiative, to produce the material and the beginning negotiations with the federal government, can bring the credit to these people who have done most of the work. In my new capacity, my work was to pull together what has been done in the past and to bring it to this Legislative Assembly. So on behalf of my colleagues I would like to extend appreciation to the past Minister, Mr. Tagak Curley and to the past Minister of this responsibility, Mr. Tom Butters.

Mr. Chairman, in reviewing the budget I would like to bring witnesses to join with me in going over the document and also to ask that they be available to answer the critical questions I know all Members will be asking. Eric Nielsen, deputy minister of Finance, Giuseppa Bentivegna, director of the legislation division.

CHAIRMAN (Mr. Gargan): Thank you. Does the committee agree?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Madam Minister, you can bring in your witnesses. Mr. Butters.

MR. BUTTERS: Mr. Chairman, the Minister's opening statement I believe was very informative. I wonder if it will be available for use by the Members of the committee. I would also suggest that if that statement were translated it would be of some value to our unilingual Members because it puts in context the bill and the intent of the government. I would hope that may be available to Members of the committee.

CHAIRMAN (Mr. Gargan): Madam Minister, would you like to provide Members with your statement?

HON. NELLIE COURNOYEA: Mr. Chairman, the opening statements are not translated into Inuktitut but I could have some extra copies made of the statement and have it distributed.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Butters.

MR. BUTTERS: I wonder, Mr. Chairman, if the Minister could indicate, in a broad way, what it is that the government will seek to conclude in the next day or two. I guess what I am asking now is that we have a very specific piece of legislation; in fact it is an amendment to existing legislation. We also are aware of the agreement in principle, which has now received the approval of the Executive Council of this government and the Executive Council of the federal government. I wonder when the numbers will be available to the House. Will that occur when the supplementary or the fiscal legislation relative to this bill is before the committee?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, the activities that have to be completed in the next little while are the acquisition agreement, this legislation in both territorial and federal jurisdictions, the borrowing act and a loan act. The agreement in principle is to be released and available, to my knowledge, at 10:00 o'clock tomorrow morning.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Butters.

Agreement To Be Tabled Tomorrow

MR. BUTTERS: Thank you, Mr. Chairman. Would the Minister consider tabling that agreement tomorrow in the House, should it be released at 10:00 o'clock, and accepting a motion to put it into committee of the whole so that we can have it for use in considering this bill if necessary or required?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, yes.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Butters.

MR. BUTTERS: With regard to the amendment before us, I have a number of questions relative to the act but I would relinquish the floor to other Members. I think I can put my questions as we come to the specific provision in the act before us. I would have one question with regard to the legislation before us. This is draft 17. Now in comparing this draft with two letters developed by our legal counsel, Mr. Fournier, I find that there appears to be an anomaly. That is, Mr. Fournier was referring to legislative drafting that is not included in this particular bill. Is it the intent of the Minister to make amendments to this bill where required as we proceed through the amendment?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, as the Member has stated, we were on a number of drafts over a period of time and it is my understanding that as we have gone along and discussed with the Members here, we have made some adjustments to the bill. At this point in time there is no intention to be changing the bill as we go along.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Butters.

MR. BUTTERS: Well, unless there is legislation contained in these pages that I cannot find, I believe the Minister will have to, because some of the legislation referred to by our legal counsel in letters he developed on the 23rd and 24th of this month relates to legislation that I could not find in draft 17. Thank you.

CHAIRMAN (Mr. Gargan): Thank you. General comments. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I wonder if the Member could clarify because I am a bit confused on the references. This is draft 17 and it is the most recent document, with the most recent updates on it. I would not mind some clarification because I do not quite understand what the honourable Member is referring to.

CHAIRMAN (Mr. Gargan): Mr. Butters.

MR. BUTTERS: I have marked up my draft considerably. I think that it would probably be best if I made reference to those items as we came to them in consideration of the bill, rather than getting into the detail at the present time. I think I can raise my concerns as we examine the particular provision where I feel the anomaly exists.

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I am a little at a loss in that I am not aware of the document in terms of Mr. Fournier's letters. I would not mind having a copy of that.

CHAIRMAN (Mr. Gargan): Mr. Pollard.

MR. POLLARD: Thank you, Mr. Chairman. Just as a clarification, Mr. Fournier may have been referring to previous drafts of the legislation in his letter to the standing committee on finance and not specifically referring to the piece of legislation that is in effect at the present time, namely Bill 19-86(1). So that is why there may be some discrepancy, Mr. Chairman.

CHAIRMAN (Mr. Gargan): Thank you for that clarification. General comments. Mr. Richard. Mr. Butters, your point of order.

MR. BUTTERS: (Inaudible)

CHAIRMAN (Mr. Gargan): Thank you. Perhaps the Members could just turn to page one. At the top of the page, just change the 17 to 18. Draft 18. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, as well, the Members had asked that even though the regulations were probably not vetted continually to come to a complete final draft, Members had requested that we provide the latest draft on what the NWT power corporation regulations would look like or could look like. So if the Members would like a copy as they requested, I have a number of copies here. What was asked of us is, "What would the regulations look like when we bring them through the legislation?" We have put some work to it and the latest draft is available for anyone who wishes a copy.



CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Richard.

Time Needed For Input And Study

MR. RICHARD: Mr. Chairman, I have a great deal of difficulty with rushing through this. Maybe if we just go slow in the next two or three days I could get all of my concerns or questions on the table. I would ask you, if you are going to be chairman for the next day or two, to remain on general comments for some time before going into the clause by clause because, like Mr. Butters, the last working draft I had, I unfortunately did not take home with me. The one that had first reading on Friday I took home -- the first draft 17, not the second draft 17 -- and I have all my notes on the working copy that is not the bill.

Regarding the regulations that the Minister just referred to, some of us did ask that they be made available before we are asked to pass the legislation and they have just now been made available. I think it is going to take some time to absorb them. Mr. Chairman, the first time the draft bill was allowed to be made public was on Friday. I attempted on Friday afternoon to put copies into the hands of some of my constituents to get some input from people who know a little more about it than I do. Those people have not had an opportunity to review it or provide me with that input. So I have a real concern about rushing through this. I guess I am in a minority. Looking at the attendance here in committee of the whole this afternoon, we do not even have a quorum. I guess I am in a minority on that. People are generally prepared to trust the Executive Council to have done their homework in putting legislation before us that is beneficial for all the people in the Territories. I do not have that trust, without meaning any disrespect. I like to read the stuff and check it for myself to see if it makes sense. But in this context, Mr. Chairman, of the shortness of time, I would like, for instance, before we go to clause 1 or finish general comments, to see the agreement in principle.

Details Of Issue Uncertain

I do not know if we are going to be allowed to see the acquisition agreement. We were told last Friday that the House of Commons were going to start their legislative process last Friday. I thought I heard the Minister say just now that the House of Commons are going to start their legislative process tomorrow. I recall some sort of press release in January that stated that once the agreement in principle was reached the actual transfer would take place three to six months later. This thing is so secret and so uncertain, that there is not yet a press release from either government and yet we are being asked to pass all of this legislation in the matter of a couple of days. I do not know what the status of the negotiations with the employees are. I know that when Mr. Ballantyne, Mr. Lewis and I had a public constituency meeting in February there were a lot of NCPG employees who came to the meeting expressing concerns about their status. I have to hear, sometime in the next few days, that those concerns have been addressed. The privatization issue -- I have not heard anything about that officially.

Mr. Chairman, I have many, many questions I have to ask. I do not want to monopolize the microphone right now, but I have to see more documents and I need more information before I can knowledgeably vote on any of this material.

Regulation By The Public Utilities Board

One of the main reasons I have a concern, Mr. Chairman, is that there is a drastic change here from 1986. I was in the Legislature in the last Assembly in June, 1986 when we passed the Northwest Territories Energy Corporation Act. It clearly contemplated taking over this federal responsibility and it clearly stated then that the day after the takeover the new northern utility company would be subject to regulation by the Public Utilities Board. That was a clear message that was in that legislation that I presume has never been proclaimed. Today is completely the reverse, Ms Cournoyea indicated in her opening remarks that certain aspects of operating the utility company will not come within the purview of the Public Utilities Board. Let us be clear, Mr. Chairman, that none of the operations of the utility company under this draft is going to come before the Public Utilities Board for control or regulation. In that sense it is the complete reverse of the legislation that has been debated in the 10th Assembly in June of 1986.

So I do not know if other Members share my concern, Mr. Chairman. I do not like being pressured by deadlines unnecessarily. I would be very surprised if the federal House of Commons pushes their side of this legislation through in two days, but as I say, maybe I am in the minority and we can just trust that all the t's have been crossed and the i's have been dotted.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Richard. As the chairman of this committee I have to go along with the wish of the committee. Through normal procedures we go through the general comments of this act and then we have to go through the details unless there is a motion to defer. Mr. Butters.

MR. BUTTERS: I realize that my colleague's time has been very severely taxed by the fact that he is the chairman of the public accounts committee and the Auditor General and his people are in town. I have studied this legislation. I have also looked at the Public Utilities Board and I feel that we could proceed on a clause by clause basis. We will quickly determine that there might be three or four particular provisions in this act which may require further questions and further material but I think in the main, we could probably cover 90 per cent of the amendments that are presented to us.

I have one general comment now on the Public Utilities Act and this will come up as we proceed through the legislation. I feel that the Public Utilities Act which I have seen seems to be a pretty good document and I will be asking the government why they feel it cannot be put and approved in the immediate future. I would say that the Public Utilities Board act which is being proposed by government removes a lot of the problems associated with the board as it is currently constituted and operated and I would have thought that maybe the two bills could go forward in tandem rather than delaying one until the fall of this year and making a number of changes with regard to the responsibility of this Legislature in the management of the corporation. But I feel that we could go and should go through the bill clause by clause and determine whether or not there is a lack of information that prevents us from an adequate study of the bill.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Butters. General comments. Mr. Nerysoo.

#### Limited Mandate For New Corporation

MR. NERYSOO: Thank you, Mr. Chairman. I do not want to comment right now with regard to process but to deal primarily with my comments on the issue of the legislation and the amendments. There are a couple of concerns that maybe the Minister can alleviate. Firstly, when the legislation was initially introduced as the Northwest Territories Energy Corporation Act, the interpretation that was given, or the definition, seemed to encompass a responsibility of that corporation to take on the responsibility of a number of energy related areas, whether or not it was to deal with the issue of research and development. The direction that we seem to be going is limited to only power development. I am wondering if the Minister can clarify that, that there is still an opportunity for the new power corporation to develop appropriate alternatives and do the appropriate research in these particular areas and that the legislation is not limiting the corporation.

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Thank you, Mr. Chairman. Certainly I am aware that the limitations of the corporation that is being set up have become somewhat narrowed in what it is to do as opposed to the past discussions on a broader mandate for an energy corporation. In discussing the turnover and the Northern Canada Power Commission, we needed a vehicle to put it in and it was intentional that we would have a more limited corporation to deal with power generation. The broader issues to be dealt with in terms of direction from the government and the whole issue of discussion on privatization and bringing in the private sectors, are hooked to some of those decisions, but after discussion with the Executive it was decided that maybe there are areas that we should be going into, but the power corporation in itself should be just a power corporation relatively like what NCPC was doing previously. I know that the other areas that the honourable Member speaks about are options that could be discussed in the future but I believe that would be a broader mandate for maybe another part of the government. I personally feel that we are talking about a limited corporation at this time.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Nerysoo.

MR. NERYSOO: Thank you, Mr. Chairman. Maybe I have a different view of a power corporation and the responsibilities of that particular power corporation. I am not thinking in terms of "energy" with a tendency to try to include such things as oil and gas exploration and all those kinds of other responsibilities but when I deal with it I am dealing with it in the narrow perspective, but not quite as narrow as the definition being given to the new corporation. Rather, to deal with the issues that relate to energy, whether or not it is electricity or whether or not it is the

responsibility of the utility company -- and that is what we are talking about; it is a utility company -- to provide services in the area of distribution; whether or not it is distribution in terms of electricity or possibly the option of distribution of natural gas or propane or whatever other options that in fact are part of energy and energy development in the various communities. To me it is not a broad, broad context. I am not using the word "energy" in the broader context but rather in that particular view.

#### Corporation Not Given Adequate Responsibilities

The way I see the interpretation given here is that this particular corporation will not even be able to consider such things as the development of a power corridor or electrical corridor. I worry about that because I think that many of the arguments that we have had previously, for such things as the development of other hydro sites in the NWT, have in fact considered the possibility of electrical corridors and if one of the responsibilities that could be very fundamental to the success of this particular power corporation is not included, then we may have a situation where we do not consider this corporation in terms of its viability but also its manageability. It is such things as its responsibility for investment or reinvestment, for capital expenditures which in fact in the future could see us reducing capital expenditures to the extent that may in fact make us more profits. But not only that. It could reduce our dependency on diesel in various areas throughout the NWT. I guess I could give a number of examples of that.

We have talked in the Delta a number of times on the issue of using natural gas for energy development or power generation. I see that as a bigger issue than just the proposal that was made because I see it as being a project that could provide service to a number of communities. That would mean a reduction in the plants in the various communities but in the long term might end up providing a better facility. In the case of hydro projects, I know we have talked many times about Slave River. We have talked about other projects through the Valley. But I would hope that that would be part of the responsibility of this particular group. To me, it seems that we have used hydro in this area but it seems there is no responsibility that I can point to in this legislation that allows for that possibility. It is not so much my criticism of the legislation that is being proposed as wanting to ensure that in future, in the very near future -- not in five years from now but maybe in a year from now -- if the corporation decides to take on a responsibility that is not included in the legislation, we are going to have to come back and amend the legislation appropriately and delay the responsibility of that particular board again. So I am just worried about that.

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, the legislation does not propose to limit it to a degree that would take away the direction or the concerns that are mentioned by the honourable Member. The legislation allows that to happen. What we basically did is to more clearly define the power corporation, as to what it is, and I will let Mr. Nielsen deal with that in more detail but it was not intended to and it does not restrict the corporation from taking on those activities that have been mentioned.

CHAIRMAN (Mr. Gargan): Mr. Nielsen.

#### Changes Would Define, Not Restrict, Activities

MR. NIELSEN: Mr. Chairman, I am not aware of anything that has been done to the act in the proposed amendments that would restrict the operation of the utility for moving into the areas described by the Member. I think the intention of the amendments is to more clearly outline what the current responsibilities are and to remove much of the detail of the summary of the responsibility of the corporation which in fact in itself was probably more restrictive than the general objects of the corporation which are now outlined. So in fact, one of the major objects of the corporation is to generate energy and the definition of energy provides for manufactured gas, liquified petroleum gas, natural gas and other combustibles. So as far as I know, there has not really been any restriction put on the operations of the activity but rather the intent is to more closely describe, for example, in the name change, what the corporation is presently engaged in and that is simply power generation and distribution.

CHAIRMAN (Mr. Gargan): Mr. Nerysoo.

MR. NERYSOO: Thank you. No, I have read the legislation and you are removing the definitions of energy including power and in a number of areas you continue to use the word "energy". I just want to be assured that there is no attempt on the part of the amendments to in any way reduce the responsibilities that were originally intended for the energy corporation which includes the distribution, delivery, sale and supply of energy.

#### Responsibility For Research And Development

We sometimes also forget that a part of the responsibility of any good corporation is research and development. I do not want the responsibility of this particular structure and corporation which is being managed at arm's length to in any way be restricted from that type of responsibility as well. I do not want the Department of Economic Development to be involved in the energy/power generation side or the research side in the same way that I do not expect Energy or for that matter Municipal and Community Affairs to be involved in housing research because that is the responsibility of the Housing Corporation. So that is generally why I raise the issue. There has to be this element of research and development that is protected and is inherent in any kind of corporate structure so that it allows it to look at the various options that are available to us; to look at the various possibilities of power development and the various types of ways and means by which those developments can take place. It is not clear in the legislation that that is happening, except for such things as generating, transforming, transmitting, distribution, delivery, selling and supply. So I just wanted to be clear that at least that is under the objects of section 4(c) in clause 7, "to undertake any other related activity authorized by the Executive Council". But that research and development should be automatic; it should not be subjected to, what you might call Executive Council decisions at every turn, so that there are limitations on the corporation.

CHAIRMAN (Mr. Gargan): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, I do not think that is the intent of the section and the Member is quite correct that the corporation could clearly engage in research and development. I think the important difference between the previous act and this act is that research and development under the current act is going to be subject to Public Utilities Board scrutiny. I think that is the major question. I think what the Executive Council would be concerned about is that the power corporation not engage in research and development which could not legitimately be charged to the consumers in the NWT.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Nerysoo.

#### Social Obligation To Communities

MR. NERYSOO: I would like to thank you for that statement because it gives us an opportunity to raise a number of issues that I, in particular, would like to commend the Minister and government on and that is dealing with the question of social obligations. We all talk about this issue of privatization as though it is the only solution to dealing with the problems or the development or the provision of electrical services in the NWT. I have a tendency in this particular case, to be concerned. I would suggest that I am not opposed to privatization but in this particular case I do have a concern that we do not sometimes realize that there is a certain responsibility that we have to the communities and to the residents of the NWT, particularly because of the dependency that we have, and have developed over the last 20 years, on electricity. I can recall, even in the 1960s, when many of the homes in Fort McPherson and Arctic Red River, as recently as 15 years ago, had no electricity. Because of the new direction that we have taken in utilization of electricity and the utilization of diesel fuel for home heating, I should say, we have a real dependency on the provision of power in the communities.

Whether or not there is a decision to privatize, we have to ensure that those obligations that we have to maintain in the communities, are not subjected to the idea that the best parts of the utility company or the best areas in which the utility company operates, are the only areas that are purchased or for that matter are the only areas that are managed. Because what that will mean is that those areas, and this includes all the smaller communities, will be the areas that no viable company or no company seeking significant profits, would want to assume responsibility for, and leave it in the hands of our government.

I am extremely happy about the fact that you, Madam Minister, and your government -- and this occurred previously -- have recognized that we have to deal with the social obligations of our corporation and that we cannot ignore the obligations that we have to maintaining the communities and so we do not lose sight of that responsibility. I hope that in the discussions on privatization that issue is fundamental to any discussions that go on.

#### Protection For Employees

The other issue that I have, and we talked about social obligations and I raised this at some length previously, happens to deal with the issue of employees. I have a serious concern and maybe the most recent example happened to be with regard to the health transfer and the positions in the health transfer. That is a good indication of when people who live in the communities, who now maintain the system, whether or not it is the nursing stations or the nurses, that positions are sometimes classified beyond the qualifications of people who are even now in the system. I would ask you as the Minister and the government to recognize that there are many people in the communities who do not have the kind of qualifications that have presently been defined under federal rules or for that matter under our classification rules, people who are now employed, who will not be able to meet those qualifications. Whenever the transfer takes place, there has to be that protection for those people.

There also should be serious consideration for training of people in the communities, because taking over the corporation, privatizing it, is not necessarily going to deal with the responsibility we have for training people in the communities to continue to maintain the system. There are not too many people that I know of that kind living in these communities. They want to go in for a couple of years and are quickly prepared to leave on the first option of promotion. They are quickly on the plane and into the larger centres. The success of the corporation is going to depend on whether or not we are able to retain people in those smaller communities. It is only the people who want to live in those communities and probably only the people who are from there, are going to be able to do that. I am not referring to whether they are native or non-native. Simply put, it is people from the communities who are going to maintain the system.

The other thing that I pointed out and I know, Madam Minister, because of your own experience that you are going to be on top of the issue in regard to ensuring that those people who are already employed in the communities are going to be protected. Because there was, most recently, a decision on the part of the present corporation to try to reduce the staffing complement in the communities. They were not in any way prepared to consider what the consequences of that decision was to the community. I hope that in your deliberations and in your discussions and in the planning of the corporation that there will be a program which recognizes those long-term employees but also recognizes that there is an opportunity to train people to take on those tasks when those people leave. Hopefully, that will be part of your plan and the corporation's plan. Or if it is not part of the plan now, you can at least raise it with the new president of the corporation to develop that type of a plan.

CHAIRMAN (Mr. Gargan): Madam Minister.

#### Legislation Allows Time To Deal With Issues

HON. NELLIE COURNOYEA: Mr. Chairman, I fully agree with the Member and we have discussed these issues many times before, but just to complement what he has said. This particular legislation is put forward for the specific purposes of allowing us the time to be able to assess the corporation and take our time to see how we can move the corporation in the longer term for the social obligations that were carried on by the federal government in terms of subsidization and also in terms of what have we got in the total package. Certainly with the employees, we have had a very fair turnover. The union contract has been signed with the PSAC and the Union of Northern Workers and NCPG and we do have an agreement with them. We have taken the corporation as an ongoing concern.

So there has been very little disruption and this period of grace that we are asking for here, under this particular legislation, is to allow us to make those changes with calm thought and with objective critical analysis of this total package we have and with the primary and utmost commitment in our minds to those obligations that we feel must be carried out to bring to the NWT a corporation that works and addresses those issues that have been ongoing over the years. The change will be that we will be able to address these issues; we do not have to address them from a federal point of view. So this legislation allows us that time to deal with those issues.

I cannot add very much more to Mr. Nerysoo's statements because if I had been sitting there I probably would have said the same things and I feel myself that we have to address those issues in the next little while.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Nerysoo.

MR. NERYSOO: Thank you, Mr. Chairman. Just one further comment with regard to the issue of training. I do not want the issue to be addressed only in terms of the smaller communities. I would hope that it would be a broader program to recognize the responsibility we have even in our regional centres. I guess a good example in our particular instance, because we come from the Inuvik Region, is to have people who are trained and capable of managing the corporation for that regional centre, who are from that particular region. To me it is awfully important because when we deal with a regional centre, it is sort of the core for our region and any of the complaints we have from the communities are usually addressed through the regions. So we have people that we have confidence in and are capable of working with in those regional areas as well. So in terms of the training issue, I hope that it extends beyond just the area of the communities, that it is to the regions, that it is to the area of the central agency.

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, we will be dealing with those issues as we go along. I just want to say again that there has been no fundamental change to the corporation. We have taken it on an "as is" basis and I believe that under the jurisdiction of the NWT many of these issues can be addressed. Certainly I believe that it is a well-known fact, if you can employ people from the community or the region where they have been brought up and raised, it is far more economical. So I cannot add too much more but certainly those are the issues we will be dealing with in the next year and a half.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. General comments. Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. Will we be able to see the agreement in principle before we vote on the bill?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, the agreement in principle will be available at 10:00 o'clock tomorrow morning and as long as we do not vote on the bill today, it could be made available as soon as it is released. My understanding is that things are being agreed to in Ottawa, to the release time of 10:00 o'clock tomorrow morning.

CHAIRMAN (Mr. Gargan): Mr. Richard.

MR. RICHARD: Mr. Chairman, the Minister earlier referred to 10:00 o'clock tomorrow morning as being the press release. I am specifically asking about the agreement in principle, the actual document that the Minister and her federal counterparts signed and that was approved by two cabinets, can we see that document before we vote on Bill 20-88(1)?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, it is to be attached to the press release.

CHAIRMAN (Mr. Gargan): Mr. Richard.

#### Privatization Of Power Corporation

MR. RICHARD: Mr. Chairman, on the issue of privatization. There was a media report I heard part of just this morning that suggested that it was a condition of the Government of Canada in agreeing to this transfer that there will be privatization of this function within the near future. In the absence of documentation that we do not have, I have to ask the Minister, was there any such condition imposed by the Government of Canada or was there any such commitment made by the Government of the NWT?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, it is not a condition of the agreement. I also caught part of the broadcast and I was quite surprised that that would be stated, but it is not a condition. We have agreed to examine options on how we can do that in the best interests of the corporation.

CHAIRMAN (Mr. Gargan): Mr. Richard.

MR. RICHARD: I am pleased that the Minister has an opportunity to clarify that, because the CBC report that I did hear this morning quoted this Minister, when asked about that condition, that that seemed to be a reasonable condition. We got such a good deal from the Government of Canada that that was not an unreasonable condition. When the Minister says that the government has agreed to examine the options to privatize, was that agreement made with the Government of Canada? Who did you agree with, the Government of Canada, or with someone else?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, with the Government of Canada.

CHAIRMAN (Mr. Gargan): Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. I take it that at 10:00 o'clock tomorrow if I look at the agreement in principle I will see the wording of that agreement in that document.

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I will read that section; this is one section that has been cleared and everybody seems to be happy with. There are a few other little things, changing the "a's" and "the's" or something, but on section 12(1), on the private sector role, the agreement was that within six months after closing, the GNWT agrees to develop an options paper for consideration by the Executive Council which outlines the options for involving companies or individuals in the provision of electricity in the NWT. These options will include, among other things, equity positions which might be held by the private sector in the GNWT's utility and determining an optional arrangement whereby the private sector could finance, develop and own future electric projects in the NWT. That is how the section reads.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Richard.

#### Commitments Made To Private Sector

MR. RICHARD: Thank you, Mr. Chairman. I wonder if the Minister could now confirm for me that no commitments have been made with any particular element of the private sector about equity positions or any other involvement. The reason I ask this, Mr. Chairman, is that it is being reported to me, and it is probably just second and third-hand rumours, that employees of the commission, some of them, have been in the South looking for work already and have met with other utility companies and I have heard rumours that there are already commitments made about what is going to happen six months from now and 12 months from now. Would the Minister clarify if there have been any commitments made to the private sector?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, there have been no commitments made to any private sector company or individuals. Private sector companies have asked if there is an opportunity, and I have stated to those companies that we have an options commitment to the federal government to provide some of those options. But there has been absolutely no commitment.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. A different issue. Reference is made, I think in the Minister's opening remarks, to the subsidy programs that our government is now going to be committed to take over from the Government of Canada. Although we have administered it in the past, it has been federal government money that we have spent on those programs. The estimate is of a magnitude of three million dollars.

Impact Of Takeover On O And M And Capital Budgets

Mr. Chairman, I want to ask the Minister and the officials, what is the financial impact of this takeover on our future GNWT budget, whether it is O and M or capital, particularly O and M? I believe that capital is just going to be borrowed money and the new power corporation will pay back any capital fund. What is the impact of the takeover on the future O and M requirements of the territorial government? I can see right away there is a three million dollar impact because even if the Minister develops some sort of different way of handling the subsidy program, at a minimum we are looking at that three million dollars. It was pointed out to me in the last few days, as well, that in our financial statement, our government receives as well an administration fee in the magnitude of \$170,000 to administer the federal government's three million dollar fund. Perhaps that is another area where it is going to cost us but that is not as significant. Has someone looked at the overall impact on our future O and M requirements as a result of this decision?

CHAIRMAN (Mr. Gargan): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, there will be no or next to no impact on the O and M requirements of the territorial government as a result of this transfer. The subsidy program will be self-financed through the rate of return that the corporation earns without providing any pressure whatsoever on rates. And whatever excess rate of return is earned on the common shares of the corporation, will be reinvested in the corporation. The GNWT will receive dividends in an amount which is equivalent to the amount of the subsidy requirement and any additional administration costs for the administration for those subsidies.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Nielsen. Mr. Richard.

Free Audit And Legal Services

MR. RICHARD: Mr. Chairman, I have seen a reference in some document in the last few weeks that currently NCPC receives, free of charge, audit services and legal services from the Government of Canada. What will be the case after takeover with respect to those currently free-of-charge items?

CHAIRMAN (Mr. Gargan): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, the Auditor General of Canada currently audits the NCPC and under the NWT Act the Auditor General of Canada is the auditor of the GNWT, or of the NWT. There will be no change, as I understand it, in the audit requirement. It will be continued by the Auditor General of Canada in exactly the same manner it is now provided to the NCPC. With respect to legal services, there has already been some discussion between the power commission and the GNWT for the provision of legal services. Those legal services can be provided by our government under a contract in which our government will be reimbursed for any cost that it incurs, and that will still be able to be absorbed by the corporation without any impact on the rates.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Nielsen. Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. I thank Mr. Nielsen for that information. The acquisition agreement that has been referred to, when will we see or will we see a copy of that document?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, the acquisition agreement is the agreement that is signed on the final day of the deal between the federal and territorial governments. That would be available on that day. It would just incorporate all the understandings we have had to this point and the figures and the outline on the agreement in principle. So, that would be available on the day that it is signed.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Richard.

MR. RICHARD: Thank you. Head office location. When and how will this decision be made?

CHAIRMAN (Mr. Gargan): Madam Minister.



### Basis For Location Of Headquarters

HON. NELLIE COURNOYEA: Mr. Chairman, I realize that the headquarters of the NCPC is one of great importance in the decision-making process. Mr. Chairman, what I have done to this point is to pick up the documentation and the information that has been put together on site selection. Basically we have not decided at this point in time exactly when we will make that decision, but in the decision-making process I would think that I would want the material, the facts and figures that have been gathered thus far, and I would see that this utility would have to demonstrate to the consumers the best rate at the end of that decision. The decision that will be made will be based on providing the best rate to the consumer.

---Applause

Thank you.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Richard.

MR. RICHARD: She did not tell me when, but she certainly told me how. Mr. Chairman, if I could return briefly to the privatization issue, and then I will give up the microphone to some of my colleagues. This Bill 20-88(1) is introduced by the Minister and the introductory statement that she made indicates that one of the purposes of the bill is "to provide for a capital structure for the corporation which will support the long-term viability of the corporation and allow the government to meet its social obligations". I am not sure what all of those good words mean, but I know that the bill says that the capital structure will be prescribed by regulation. And then we have a draft regulation that has a whole bunch of blanks in it, and I presume that if one day a decision is made to privatize, someone in the private sector will be taking a shareholder's interest.

### How Decision About Privatization Will Be Made

In terms of that mechanism, on that day when the Minister and the Executive are examining the options, how does the Minister see that decision being made about privatization? Is that something that the Executive will decide and there will be an order-in-council of the Executive to approve a sale of shares, and will that come back to the Assembly for approval? How will the privatization step, if we are going to take that step, be achieved?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I really do not see that we would be making a decision such as that without a great deal of consideration and without the end result to the consumer in mind. I do not believe that we have worked that out, on how we are going to do that. We have had discussions on what would go to the Executive and what would be important to the Legislative Assembly to consider, to a point of perhaps giving notice to the Legislative Assembly that these happenings are occurring. Now, when you asked me the earlier question about corporations or individuals who have an interest in acquiring some portion of the Northern Canada Power Commission, basically in my discussions with them I have said that when we make the decision, and if we make that decision, then it would be an open decision. Everyone will be aware of it; the Government of the Northwest Territories and the Legislative Assembly will be aware of it, and it will be very much an open issue.

As for exactly how we will deal with the decisions, we have not ironed all those things out yet. But I know that there is tremendous interest in the Legislative Assembly to make sure that the considerations of myself as Minister, as a board and as Executive, would be done in such a manner that the Legislative Assembly will not feel that they see something done that is not above the table. And I am committed to making sure some process is in place that that can happen now. Legally, maybe Ms Bentivegna can add to that, and how it would relate to changing of legislation or making amendments. Perhaps that can be answered in more detail.

CHAIRMAN (Mr. Gargan): Ms Bentivegna.

MS BENTIVEGNA: Well, the change would have to come in the regulation as to the structure, because then the shareholders are named, in who is holding how much; then if there was a decision to sell some of those shares, I think we would have to change some of the structure and name them to show that there are shareholders other than the government. But legally that would be the only change needed, really. It would not affect the act.

CHAIRMAN (Mr. Gargan): Thank you. General comments, Mr. Lewis.

Objective In Transferring NCPC

MR. LEWIS: Mr. Chairman, this may seem to be late to be asking questions like this, but for the record, when the decision was made that a transfer of NCPC be made to the Government of the Northwest Territories, what was the program or policy objective in getting that transfer done? Was it simply to get a whole bunch of employees to move north, was it to have a corporation better run, was it to have better rates? There must have been a lot of discussion about why we wanted to do this. Maybe the Minister could help us to understand where we should have started from, why we wanted to do this in the first place.

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, all of those things and more, probably. The discussion on the merit of acquiring the power corporation in the Northwest Territories has taken place over a number of years, and I am sure far better minds than mine have discussed the merit of that. When I became Minister of Energy, Mines and Resources and was given the responsibility for concluding the work that had been brought forward from previous Ministers, I would assume that my initial support for acquiring the corporation -- it just makes a lot better sense to have the Government of the Northwest Territories, the people which the corporation serves, be responsible for directing the corporation. The main issues that have always plagued decision-making in the Northwest Territories are of the general nature that decisions made in Ottawa do not reflect the needs of people in the Northwest Territories. So I would suppose that the broader issue right at the beginning was to bring the control and responsibility, and the decision-making, to the residents that the corporation serves. So I think the overall desire to have the mandate here in the Northwest Territories was probably the prime driver in acquiring -- for all the reasons that you stated.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Lewis.

MR. LEWIS: If I understand the Minister correctly then, the prime reason was that because it dealt with northern stuff, then obviously it should be here in the Territories. But what does the Minister see as being actually done better here as a result of the transfer taking place?

CHAIRMAN (Mr. Gargan): Madam Minister.

Issue Of How Decisions Will Be Made

HON. NELLIE COURNOYEA: Mr. Chairman, one of the issues that I saw as being an issue that had to be addressed by residents of the Northwest Territories and consumers of the Northwest Territories is how the decisions will be made, and in the responsiveness of that corporation to those consumers, once it came to the NWT. It could very well have been that NCPC could have been totally privatized right at the beginning without any NWT government involvement. As a resident and consumer of the NWT, I share the same view of many consumers who feel they have very little input on how that corporation reacts to their needs. And given that there was a lot of initiative being placed to privatize the NCPC, we could have sat back and allowed it to go to privatization and then it would have been completely out of our hands.

At the beginning when Mr. Curley was handling it, where the glitch came into place was that the federal government always wanted to get out of the subsidy program and we would not have been able to make the decision on how that was going to be seen over the long term. So the critical decisions on delivery of services and rate charges to the consumer, I believe, have always been in the minds of the people who have to pay their bills. I would think that it would have been a very, very bad decision for this government not to take the initiative and say, "Well, move it to the NWT. Put it under the legislative ability of the people who are using the services to make certain decisions." I would think that what we are doing now is far better, in increasing our ability to make those decisions. In the future, if options for privatization, for example, come in, then we can do it in such a manner that we look after the social obligations.

When we make a decision on where headquarters should be, then it is us here in the NWT who will make the decision in terms of the consumer interest. So as the NWT moves along, it appears to me that the general thrust is to provide the residents of the NWT more provincial-like responsibilities in dealing with the everyday affairs of their lives. Really, this is what we are doing with the power corporation right at this time. These other decisions, you know, we can

collectively make them as we move along in the next little while. But those decisions will be made by people who use the services. That is the whole intent and there are a number of things that have been antagonizing people at the community level. A matter of policy. What is your policy toward your consumers? These types of things can be addressed in the overall framework on what we are going to do with the corporation in the end. So I could not have any argument with many of the things that are mentioned and the fact that we should allow the NWT consumers to make those decisions, and the elected people who represent those consumers have the ability to make and give direction to this corporation over the while. And those decisions are made for the benefit of these people. So, Mr. Lewis, I cannot tell you exactly everybody's deep-hearted feeling on why over the years there has been a desire to move this corporation north, but I know one of them. There has been quite a bit of resentment that the headquarters are in Edmonton. They should be in the NWT.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Lewis.

Composition Of Board

MR. LEWIS: I would like to thank the Minister for that full answer but the short answer, I believe, in all she said was that really, the corporation will be more responsive if it is given a new kind of structure. We have to assume, then, that in the past it was not responsive in the way we would like it to be so my question to the Minister would be -- unresponsive bodies usually behave that way because of the composition of the board, the kind of people you have on the board. As I understand it, in the past the board would consist of a variety of people who would have some understanding of the problems of the NWT and it is in the people that you have on that board that you will find the difference. So my question to the Minister is, if the last board was unresponsive because of the kind of people that you had on it, what changes are being made so that does not happen this time?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I believe the board that existed in the past was doing their job very well. But their boss and their accountability were not here. Certain directions with the board really have a lot to do with who they account to, who they report to, who they receive their direction from. I believe it is one of accountability and I do not wish to say that the past board did a bad job.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Lewis.

MR. LEWIS: Well, I misunderstood the Minister then, Mr. Chairman, because I had understood her to say that it was in responsiveness, not accountability that the main weakness of the previous board lay, and the fact that they were not responsive to the needs of the people of the NWT. However, I understand the point that she has made about having a board which has a different kind of accountability, which may have hampered them in the past.

I have another question though, Mr. Chairman, about the policy or program objective which seems implied in the way this transfer is to proceed. It has to do with privatization. If, in fact the government has undertaken to look at options, then presumably these options will not be just an exercise where you just sit down as an Executive Council and do a paper on the various ways that you could privatize. I think that, having undertaken to do that, the expectation is there that once that option paper is developed, it will go to the Executive Council and they will make a decision. So would the Minister not agree that although there has been no commitment to privatize right now, they have made a commitment to begin a process that will result in privatization? Is that not what is happening as part of this agreement?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, we have made a commitment to look at privatization and provide options on that basis. The only way that privatization would work is to consider what happens to the customer at the other end, the consumer. If privatization means a better rate or a better corporation for the consumer, that option will be put forward. But it is not going to be done with just a piece of paper. We are going to have to look at this very carefully.

We have to look at the package we are getting and we have to look at what is the best for the consumer in the end. It is certainly my intention that it is just not going to be a flippant paper being put out on a table. Certainly there is an expectation. And the expectation is going to be dealt with in the most efficient and businesslike manner. We will be working with the board of directors, as well, in looking towards those options.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Lewis.

Some Degree Of Privatization Implied

MR. LEWIS: The Minister did not quite answer my question. Maybe I will rephrase it, Mr. Chairman. Would she not agree that by undertaking to develop an options paper, implied in that is that all those options will go to the Executive Council and that therefore what we have agreed to do is to develop a process toward privatization? That that is a commitment? That we have begun a process in which eventually there will be some degree of privatization? Would the Minister not agree that that is what is implied in this transfer?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I see that, if it is in the best interest of the corporation, in terms of the corporation providing service to people. But at this time if we came with 10 options and presented them and none of them were accepted because it did not make good sense, good business sense, then all the options would be rejected. But we have made a commitment to come forth with options toward privatization.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Lewis.

MR. LEWIS: Thank you, Mr. Chairman. That answered my last question, thank you.

CHAIRMAN (Mr. Gargan): General comments. Are there further general comments? Mr. Richard.

NCPC Employees

MR. RICHARD: Mr. Chairman, could I ask the Minister to tell us about the situation with the employees? There were problems that were expressed in the past month or two and would the Minister update us on the status of the situation on the employees of this federal commission?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I realize that in all the negotiations that the territorial government has with the federal government, one of the prime problems that we have with employees is of uncertainty, of not being able to let employees know immediately what is going to happen to them, which is an impossibility because of the negotiations going on. I believe we have resolved the problems with the NCPC employees and I will just ask Mr. Nielsen to detail what has been done. My understanding is that we have not 100 per cent looked after everybody, particularly management, but by and large all the employees have been dealt with, and to my understanding the issue is at rest at this time.

CHAIRMAN (Mr. Gargan): Thank you. General comments. Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, there has been a set of negotiations taking place with the unions over the past few months. I think, as the Minister pointed out, it is very difficult to meet with union and with employees when, in fact, the negotiations are confidential and there is a high, high level of uncertainty. It really was not until a few months ago that some commitments were being made and employees were able to be contacted with a comprehensive package.

I think I should point out that in the period of the negotiations, and I suppose the process of transfer to the Northwest Territories, when it first became apparent that the corporation was coming to the North, a number of meetings had been held by the former Minister and by the current Minister with the employees, but again the Ministers were unable to make too many commitments. During the last couple of months, in fact I believe as early as December, we started meeting with

the Public Service Alliance of Canada in Ottawa and with the Public Service Association in the Northwest Territories, and obtaining their agreement, in fact, for the wording that was going to be put in the agreement in principle. That wording in the agreement in principle was reviewed by the Public Service Alliance of Canada before it was put in.

Subsequent to that, a wage and benefits package has been negotiated by our government and that wage and salary settlement is comparable, including benefits, to the package currently enjoyed. A bridging agreement has been signed by the Northern Canada Power Commission, the Public Service Alliance of Canada, the Union of Northern Workers and the Government of the Northwest Territories, such that essentially all the provisions of the current collective agreement enjoyed by NCPC employees will be transferred to the current collective agreement through a bridging arrangement, with a few minor changes, and in fact with some additional benefits such as maternity and dental.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Nielsen. Mr. Richard.

MR. RICHARD: Yes, Mr. Chairman, can I ask when that agreement was signed in terms of time?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, March 6.

CHAIRMAN (Mr. Gargan): Thank you. General comments, Mr. Richard.

#### Management Team

MR. RICHARD: Mr. Chairman, on another matter and that is the management team. Could the Minister indicate to the Assembly, if everything goes according to her plan, and we are the proud owners of a utility company come Friday of this week, are we going to have a management team in place to run the utility company?

HON. NELLIE COURNOYEA: Mr. Chairman, since we are taking it as an ongoing concern, there will be no disruption in the services because the management that was previously in place is still in place.

CHAIRMAN (Mr. Gargan): Thank you, Madam Minister. Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. I guess the question is, have the key management people agreed with the new shareholder to stay in place for a minimum period of time for continuity?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, in talks with senior management, yes, they have all agreed to stay.

CHAIRMAN (Mr. Gargan): Thank you. General comments, Mr. Richard.

MR. RICHARD: Mr. Chairman, when Mr. Lewis earlier asked some basic questions as to why we are doing this in the first place, I was recalling, as he spoke, my understanding a number of years ago when this issue of the NCPC coming north -- the issue was very much in vogue for a number of years. I recall, when people would list the reasons why we wanted to take over NCPC and bring it north, among the short list of reasons was the desire to have that utility company made subject to the jurisdiction of our regulatory body, the Public Utilities Board. That was very much one of the four or five prominent reasons, and I just want to again state for the record that that is not being achieved by Bill 20-88(1).

The Minister has given me a copy of some briefing notes which attempt to explain why. I think that it is important for the public to know that that goal is not being achieved by this legislation, and it appears the first date that we can hope to achieve that goal is some 18 months from now.

#### Legislation Revision Has Had Two Years To Prepare

I know this Minister is new in this portfolio, but since June of 1986 when the 10th Assembly passed the necessary legislation that would see that goal being achieved, why has the PUB legislation not been revised, in the intervening two years? I know Ms Cournoyea has not been the Minister for

those two years, but is there some explanation for that? Why is it that this Friday, when we are taking over the utility company as the new owner, we are not ready to make it subject to the regulatory agency? Because this was an expressed desire of northerners for probably six, seven, eight years.

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I cannot answer for far back, but since I have had the portfolio I, along with department officials, have put some energy into trying to assemble a Public Utilities Act that we could bring to this Legislative Assembly. Work has progressed in that area, but Mr. Chairman, even though we could table this Public Utilities Act for the Legislative Assembly to consider, we need some time. Both the power corporation and the Public Utilities Board would require time to assess where we are taking the corporation. The Public Utilities Board would have to have time to get itself ready. It is not something that we could put into place right now and expect all the issues to be dealt with so that the power corporation could be under a Public Utilities Board under a new Public Utilities Act. So we need that time just to get the job done. Certainly with the Public Utilities Act, we are almost ready to go with that, the work has almost been concluded, but even given that, we would request a period of grace where we could deal with the energy corporation and the elements that would be important to people to assess and review.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Richard.

MR. RICHARD: Mr. Chairman, within the government, since June of 1986, where was the responsibility for getting the regulatory regime ready to regulate the new NCPC? Was that within the same secretariat, the Energy Secretariat?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I know that since I became Minister of Energy, Mines and Resources, the responsibility of developing the Public Utilities Board and the act has been in this department, which the NCPC issue also was. Since I have become Minister responsible, I have been working with the Public Utilities Board to develop that particular act and bring it to a standard where they feel they would be able to be a responsible Public Utilities Board. So it is in the same department per se; the same sweatshop.

CHAIRMAN (Mr. Gargan): Mr. Richard.

#### Utility Costs Paid By Government To NCPC

MR. RICHARD: Another area that I want to question. Fortunately or unfortunately in our jurisdiction where we all live, government dominates virtually every sector of our lives and it occurred to me that not only with the subsidies, three million dollars, that the Government of Canada is now paying to NCPC -- it finds its way there somehow -- but that government, with all of its other operations, is paying a lot of the energy cost that finds its way into the bank account of NCPC. With respect to the Government of the NWT, our own government, can Mr. Nielsen or someone else tell me what the total amount of dollars that our government pays for utility costs that eventually find their way to NCPC on an annual basis?

CHAIRMAN (Mr. Gargan): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, we do not have those figures here but we can get that quickly.

CHAIRMAN (Mr. Gargan): Thank you. General comments. Mr. Richard.

MR. RICHARD: I would like to have that figure, just to put the thing in context, and if it could be related to the total sales or revenues of NCPC. The last financials I have here are March, 1987, and they show revenues very close to \$100 million for that particular fiscal year, and that is probably still including the Yukon. But I would like to put it in context on the NWT side, some ball park figure of what portion government is paying directly or indirectly. So I would like that information eventually, Mr. Chairman.

As I look at the financial statements, I see the statement of operations, and I relate this to Mr. Nielsen's statement earlier that post takeover period it is not going to cost us anything, even the three or four million dollar subsidy program, because we are going to get it out of the return on equity. But as I see it, in the statement of operations for the last two financial years reported on, March 1986 and March 1987, NCPC showed a net loss for the year of March 1986, of five million dollars, and \$1.2 million for March 1987. I know that is across both rate zones, Yukon and the NWT. But I do not think it is as clear to me that we are going to net out at no cost. If we are going to take over the subsidy program, we are going to have to come up with three or four million dollars minimum. It is not clear to me, from looking at these financials anyway, that as shareholders we are going to be receiving dividends to reimburse ourselves for the costs of the subsidy program.

CHAIRMAN (Mr. Gargan): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, accompanying the financial statement that was circulated to you, there is a little sheet on the front which gives an interim report for the first nine months ending December 31, 1987, and in that it describes very briefly the reason for the significant change in the results of operations, as compared to prior years. For example, the profitability has been increased by at least \$4.7 million as a result of the divestiture of the Yukon operations. If we take that and then consider that, as well, the debt of the corporation will be reduced from \$96 million down to \$53 million, and currently there was a cost of interest on the financial statements, including the Yukon operations of \$22 million, I think taken in combination, it should be clear that there is an opportunity for the utility to provide a rate of return which would be sufficient to cover the cost of the subsidy.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. Yes, I appreciate that. I am sorry, I neglected that point under the deal that we are going to see tomorrow morning, that the debt load is going to be lower and therefore the interest charges are going to be lower after takeover than before. So we should be able to make a dollar or two.

CHAIRMAN (Mr. Gargan): Thank you. General comments. Mr. Richard.

#### Timing Of Federal Legislation

MR. RICHARD: The Minister did not clarify the issue of the federal legislation. First it was last Friday and this afternoon it was tomorrow. What is the situation with the federal legislation?

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, the one thing I can say for sure is the order paper went in on Friday. We thought the legislation would be dealt with today but now we have been informed it could be tomorrow. I would like to apologize and I could say I do not know, but I keep bringing in this new information that I have been told, even though I feel it may be shaky. I know that Minister McKnight has a number of issues which he is bringing forward and he generally commits himself to having certain things done, but as anywhere else, you are subject to the order paper and the priority you get on the bill. I believe the information that we get from day-to-day from the Department of Indian Affairs is in their best desire or guesstimate but they often are not able to produce. So even though we feel it is today, I am not quite sure that it will go today. Then today I got this other information that it will go tomorrow. So they are all subject to their own time frames and when I bring forward the dates that have been told to me, that is the latest information I have and I am sharing it with you. Certainly, as a person who likes to be optimistic about how things happen in government, I feel that sometimes these things do happen. It is not that I am trying to mislead anyone, it is just the difficulty that Mr. McKnight is subject to the orders of the day and they generally change, not on his initiative, but because of other priorities or other actions that have to be dealt with at the federal level.

CHAIRMAN (Mr. Zoe): Thank you. General comments. If there are no further general comments is the committee agreed we go clause by clause?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 1. Mr. Butters.

MR. BUTTERS: Point of order, Mr. Chairman. Did the two letters that Mr. Fournier addressed to Mr. Pollard get circulated to all Members?

CHAIRMAN (Mr. Zoe): I believe the two letters have been circulated. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, we would be most appreciative if we could have a copy of the material that Mr. Richard referred to.

CHAIRMAN (Mr. Zoe): ...of those two letters that have been circulated.

HON. NELLIE COURNOYEA: Mr. Chairman, they should be back in a minute. We went to have a couple of copies made so Mr. Richard may have his copy back.

CHAIRMAN (Mr. Zoe): Mr. Pollard.

Investigation Of Rates By Public Utilities Board

MR. POLLARD: Perhaps I could ask a question while we are waiting, Mr. Chairman. That would be, inasmuch as there are "notwithstanding" clauses in here regarding the PUB, what would be the Minister's reaction if somebody went before the PUB with regard to the rates that the new corporation would be charging? Would the Minister see the PUB as being told not to do it, or would the PUB be at liberty to investigate the matter and make a report to the Minister? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I did not hear. I did not have my earphone on and Mr. Pollard was speaking quite gently so I wonder if he could just repeat the last part.

CHAIRMAN (Mr. Zoe): Mr. Pollard, would you rephrase or indicate what the question was? The Minister did not understand.

MR. POLLARD: Thank you, Mr. Chairman. It dealt with the PUB. It dealt with the "notwithstanding" mentioned in there a number of times. I am wondering what the Minister's reaction would be if somebody appeared before the PUB after this act is passed, after the acquisition of the corporation, and asked the PUB to investigate into rates that the new corporation was charging. Inasmuch as I understand the PUB would not be able to regulate those rates or change them, would the Minister indicate whether she would allow the PUB, nevertheless, to investigate that particular complaint? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I will ask Ms Bentivegna to reply to that query.

MS BENTIVEGNA: The board would not have any authority, if this was before October of 1989, to make a decision on the rates of the power corporation, and not because of the "notwithstandings" but because it says in the bill, as it stands now, that the Public Utilities Act would only apply to the corporation after October 1, 1989. Legally there would be nothing stopping the PUB from looking at the case and making recommendations to the Minister. I cannot answer for the Minister if there would be a direction given to the board whether to look into it or not, but legally they would not have the power to make a decision on that case until October 1, 1989.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Pollard.

MR. POLLARD: I recognize that legally, Mr. Chairman, they would not be able to make a judgment but more specifically, what I was asking is, would the Minister allow the PUB to look into a particular rate and made recommendations to the Minister in that regard? In other words, could the PUB make an investigation and make a report to the Minister? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Madam Minister.



Decisions Of Minister Would Utilize Expertise

HON. NELLIE COURNOYEA: Mr. Chairman, I would think that in the time that we have, it would be in the best interest of this government that I would recommend from time to time that the PUB does review, does attempt to do certain work in the event that I may have to make some decisions. Their work would have to probably be a recommendation to the Minister, but in their best interest and ours I would anticipate utilizing the expertise that they presently have.

CHAIRMAN (Mr. Zoe): Thank you. Honourable Member for Hay River.

MR. POLLARD: Mr. Chairman, there is a rate application at the present time for a reduction, no less, by Northland Utilities in Hay River. However, Northland Utilities purchases its power from NCPC in Pine Point and I think that the town is interested not only in the charge that the NUL makes to bring it from Pine Point to Hay River and distribute it around the town, but the charge that NCPC makes at its source, which would be Pine Point for us. So in that case -- and I just want to clarify that -- when this comes before the PUB and Hay River is asking for an investigation into the rate charged to NUL in Pine Point, inasmuch as the PUB cannot regulate that particular, there will be no problems with an investigation being done in that regard. I just wanted to clarify that point specifically, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I do not believe that there would be any problem with that at all because we would want the same information ourselves, and certainly any recommendation and work that the Public Utilities Board can provide in analysing information for the decision-making process would be more than welcome.

CHAIRMAN (Mr. Zoe): Thank you. Does the committee agree that we go clause by clause? Mr. Pollard.

MR. POLLARD: I would like to compliment the Minister for her open-mindedness in that regard. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Thank you. I believe that the letters we have been waiting for have all been circulated. Does the committee agree we go clause by clause?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. We are dealing with Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act. Clause 1. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 2. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 3. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 4. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 5. Agreed? On clause 5, Mr. Richard.

Clarification Of Clause 5

MR. RICHARD: On clause 5, Mr. Chairman, the note I have made opposite the new section 2.2 was that this is a very hollow and meaningless provision to put in the Northwest Territories Energy Corporation Act. Because of what comes later in this Bill 20-88(1), this section 2.2 is misleading, because clearly and unequivocally the Public Utilities Act does not apply to the new energy corporation, at least for the next 18 months. So I queried why we need put this in in the first place, but that is more a comment than a request to have it deleted. Thank you.

CHAIRMAN (Mr. Zoe): Thank you, Mr. Richard. Would the Minister want to comment? Ms Bentivegna.

MS BENTIVEGNA: Well, the reason why this was put in, even though it will only apply after 1989, is just to make it clear that, otherwise than in the "notwithstanding" sections, the Public Utilities Board has power over this corporation, so that after 1989 they can ask the power corporation for information. All the rate hearing sections and all the other powers of the Public Utilities Board will apply. It was just to make it clear.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Mr. Chairman, I would ask you to be patient with me. The book that I have has the legislation, the explanations on the wrong bloody pages. It is entered into the book incorrectly and I have to work from a draft 17 instead of the legislation, so if you would just give me time for pause, I would like to go back to clause 4.

CHAIRMAN (Mr. Zoe): Is it agreed that we go back to clause 4? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Mr. Butters.

Explanation Of Definition

MR. BUTTERS: I wish to look at the definition of the word "equity". I know it was put into Bill 13-88(1) as a result of a joint committee meeting, but why is it necessary to add the words, "as set out in the accounting recommendations of the CICA handbook of the Canadian Institute of Chartered Accountants"? Why are the words "generally accepted accounting principles" not satisfactory? I would like to have an explanation for the additional words.

CHAIRMAN (Mr. Zoe): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, as I understand it this is similar wording to that used in legislation and regulations across Canada. At the time that we circulated the amendments to the act for comments, we received a comment back saying that it was not clear. "Generally accepted accounting principles" are subject to interpretation unless you have reference to a specific guide, that there are different standards. It was recommended by a third party that we use those words, so we did.

CHAIRMAN (Mr. Zoe): Thank you. Clause 4. Mr. Gargan.

Rate Structure

MR. GARGAN: Thank you, Mr. Chairman. Relating to "rate structure", I would like to ask the Minister what this particular clause means? Do we have a chart or map that has established the rates, the type of services, or is this still being worked on? And also whether this also applies to Northland Utilities, including NCPC; am I correct in assuming that?

CHAIRMAN (Mr. Zoe): Mahsi cho. Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, as I understand it, the question was: What does the rate structure mean? The explanation of rate structure -- actually there were definitions that were previously circulated to Members and hopefully those definitions would help. I think in general terms, a

utility will have varying types or classes of customers. They would fall into groups such as government and non-government, hydro zone versus diesel zone, and commercial versus residential. Those would be classes of customers and for each class of customer there might be a different rate. Without getting into the reasons for that, for example, it may be appropriate that the government be a higher rate than other customers and, in fact, that is what happens in the NWT. So when we talk about rate structure, we talk about different rates for different groups of customers, what we call "classes" of customers. Perhaps a different type of service; for example, there is a different type of service provided to a commercial than to a residential customer. Because of different zones there might be, for example, the hydro zone versus a diesel zone.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. I also asked, as far as the rate structure goes, does this act also apply to Northland Utilities?

CHAIRMAN (Mr. Zoe): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, this act does not apply to Northland Utilities. I am not familiar with the rate structure used by NUL. As I understand it, however, with perhaps one or two exceptions, generally NUL has a hydro rate zoning in the NWT now. Primarily hydro.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Gargan.

MR. GARGAN: Also, as far as the subsidy of power goes, does the federal subsidy still apply for Northland Utilities even though NCPC will not be getting it?

CHAIRMAN (Mr. Zoe): Thank you. Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, again as I understand it, the question was, does the subsidy apply to NUL customers? Yes, the subsidy applies to any customer in the NWT. It is not dependent upon who they receive their power from. It is dependent upon the rate that they are paying in comparison to the rate being paid in Yellowknife.

CHAIRMAN (Mr. Zoe): Mr. Gargan.

MR. GARGAN: Thank you. Mr. Chairman, I understood in this act that the subsidy that was given to the consumer from the federal government will now be taken over by the territorial government until the next fiscal year, when I guess, at that time the government will be reviewing that subsidy. Am I correct then that the federal subsidy that once applied to NCPC will now be taken over by the territorial government? So in fact then you have the territorial subsidy taking over the federal subsidy. I am sort of trying to get some clarification.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Nielsen.

#### Subsidy Will Be Reviewed

MR. NIELSEN: Mr. Chairman, it is correct that the Government of Canada will be giving up responsibility for the subsidy program as of March 31. There are two power subsidy programs, one of which is a residential power program, and the other one of which is a commercial power program. There is currently a paper before the Executive Council recommending a continuation of those two programs in essentially the same form and content as is currently being provided by the Government of Canada simply on the basis that there is not time to evaluate those. But there will also be a commitment made by the Minister to re-examine those subsidy programs to ensure that they serve the social obligations of the government, as well as ensuring that they are being operated in the most effective way.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Gargan.

MR. GARGAN: Mr. Chairman, I do not know. When Mr. Richard referred to the operation of NCPC, it is still not making money. As far as the long-term plans go, similar to the aboriginal language program which is a 10 year plan, whether or not this government is looking at converting from diesel to hydro, what is the government's plan with regard to that because certainly it would benefit the consumer if we converted to hydro? Perhaps the line that has gone from Pine Point to

Hay River is a good example, but perhaps hydro lines could be established to Fort Providence, Fort Simpson and that type of thing. I am just wondering whether or not the government has a plan in place right now on the future of this new company. I realize we are taking over a company but there has to be something in place to say that we are going to take initiatives so that the consumer will save.

CHAIRMAN (Mr. Zoe): Thank you. Before I ask Madam Minister to respond, I would like to remind Members that we are going clause by clause. We are on clause 4. We are dealing with a specific clause, so if I could ask Members to deal specifically with the clause that is under consideration. Madam Minister.

#### Corporation's Mandate

HON. NELLIE COURNOYEA: Mr. Chairman, I believe the Member really is asking for some assurances that the power corporation will continue to seek more effective and economical means of supplying energy to its customers. Certainly, although some plans are in place that we will be taking over with the federal turnover to the Northwest Territories, it would be in the mandate of the power corporation to continue to develop, whether it be hydro or other means of power generation, that would allow a cheaper rate for the customer. Certainly it would be in the best interest of the corporation to do that. I am sure that I can assure him that having the power corporation as a business entity, or a commercial entity, certainly its best interest -- you know to provide to the consumer what the consumer is demanding -- would force those plants to move in that direction. I would think that it would be rather automatic, but I know that you are just making a statement. If you would like some assurance that these projects will continue, I believe that the corporation plans to put through a long-term planning process on what it will be doing in the future in developing the energy needs of the Northwest Territories, so I am sure that it would be part of the corporation's mandate to develop those plans.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Gargan.

MR. GARGAN: Yes, I hope I am on the right track here, Mr. Chairman, with regard to rate structure. Dams have different rates as opposed to diesel or wind power, for example. I think I am on the right track anyway, Mr. Chairman. I would also like clarification then. The Minister did say that once the corporation is in place, that is when they are going to start working on the type of power that we should be going toward. Am I correct in this case, and that we really do not have a plan in place regarding the transfer? There is no plan, no paper stating the kind of direction the new corporation is going to take, but rather the new corporation, once it is transferred, will look at certain directions that they should be taking. So in other words, we do not really have a plan. Am I correct?

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

#### Certain Project Plans Are In Place

HON. NELLIE COURNOYEA: Mr. Chairman, as customer requirements develop, a normal corporation of this type would attempt to deliver a service where the customer would demand a lower rate. Now there are some plans that are presently in place on developing some lines, some hydro facilities, or new power initiatives. Those are presently in the NCPD plan as it was negotiated with the federal government, and perhaps Mr. Nielsen can outline that, or if you want the details we can provide those for you, but there are presently certain plans to go ahead with certain projects.

CHAIRMAN (Mr. Zoe): Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. With regard to the rate structure and the new corporation that is going to be established, is it going to be profit oriented or is it more of a break-even type of a corporation? If it is profit oriented then it is the consumer that is going to have to bear the brunt of the new corporation.

CHAIRMAN (Mr. Zoe): Madam Minister.

Corporation Should Not Lose Money

HON. NELLIE COURNOYEA: Mr. Chairman, this present legislation puts certain requirements on the transfer of the power corporation to the NWT. In the months to come, we would be developing just exactly how that company can best operate for the consumer. I do not see the corporation being a losing proposition to the Government of the NWT. I think that would not be a good thing to do or an intelligent thing to do. In this period of time we are looking at how the subsidies are presently being handled, how this corporation will eventually fit under the Public Utilities Act, with certain powers to direct certain percentages of return on an investment. All these things are part of the normal procedures that a power corporation will eventually have to come under. I know there are certain restrictions. I am not an expert in this field but there are certain restrictions on a power corporation that would allow, under the Public Utilities Act, a certain rate of return.

So those things are going to be developed but at this stage we will attempt to keep things as they are, while we are examining how we can meet our social obligations within this power corporation, what has to be done and what direction we want to take in long-term planning. So all those things are going to be exercised in the next while. But certainly we do not intend to have a power corporation that is going to lose money.

CHAIRMAN (Mr. Zoe): Clause 4, Mr. Gargan.

MR. GARGAN: Just a point of clarification, if I am hearing the Minister correctly, then it is the consumer that is going to feel the brunt of the direction the government is taking, if it is going to be profit oriented.

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, at this time there is no need to increase rates. But certainly if I were in a business and I were a shareholder, I would expect that a business venture that I went into would not lose money. As I mentioned previously, the option that we had with this power corporation or NCPC, was that if the NWT did not actively pursue having NCPC turned over to the NWT government, it would have been privatized and we would still have been facing the same decisions but perhaps, and quite likely, they would have been out of our hands.

CHAIRMAN (Mr. Zoe): Clause 4. Mr. Butters.

Definition Of Rate Structure

MR. BUTTERS: Thank you, Mr. Chairman. I do believe Mr. Gargan's comment is a valid one. On the same particular definition, "rate structure", which is a new definition. Where does this definition come from? Is it from the Northern Canada Power Commission Act -- the definition of rate structure that the commission is currently operating under?

CHAIRMAN (Mr. Zoe): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, this is a definition that is taken from a textbook and refined partially to try to address and make it clearer in the legislation as to what is meant by that. It is a difficult definition but in fact the textbook definition is much more difficult. Rate structure is a complex concept.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Mr. Chairman, NCPC, as it currently operates, has established rate zones, has classes of customers, has classes of service and has rules respecting the allocation of the revenue requirements among the rate zones, classes of customers and classes of service. Is not that correct?

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, that is correct.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: In the current arrangement, does one rate or one rate zone subsidize another one?

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, that is correct.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Mr. Chairman, I notice that in the Minister's opening remarks she mentions the high cost of diesel zone as subsidized by the low cost hydro zone. Is the word "subsidized" correct here or should it be "equalized"?

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I believe the correct term is "cross subsidization".

CHAIRMAN (Mr. Zoe): Thank you. Clause 4. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 5, application. Mr. Butters.

Status Of New Public Utilities Act

MR. BUTTERS: I want to follow up, Mr. Chairman, on the remarks made by my colleague for Yellowknife South regarding section 2.2, referring to the Public Utilities Act. I have gone through that document and it seems like it has been given -- it is draft 11 that I am looking at -- I am dealing with Bill 24-88(1). Is that the act referred to in clause 5, section 2.2? Bill 24-88(1)?

CHAIRMAN (Mr. Zoe): Thank you. Ms Bentivegna.

MS BENTIVEGNA: Mr. Chairman, it is the present Public Utilities Act. There is a present act but when it was drafted they were drafted together so the idea is that it is either the present one or any future one that replaces it.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: I beg your pardon, Mr. Chairman. I did not have my earpiece on. I did not hear whether Bill 24-88(1) was a new act or an old act.

CHAIRMAN (Mr. Zoe): Thank you. Ms Bentivegna, would you respond again?

MS BENTIVEGNA: Thank you, Mr. Chairman. There is a present Public Utilities Act that is in force. So this reference in Bill 20-88(1) can either refer to the present act or Bill 24-88(1) which was projected to be the new Public Utilities Act to replace the old one.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Okay, thank you, Mr. Chairman. I am up to speed. It appears to me that the existing Public Utilities Act is deficient in a number of ways and the act, Bill 24-88(1), draft 11, is a great improvement on the existing legislation. I am wondering why the government does not take a bow for this and seek to put it into force or put it before this House during this session so that it can be brought in tandem with the amendments to the energy bill, the power bill.

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, we had originally intended to do that but it was just a matter of time, and time in dealing with the present program of activities we have placed before the Legislative Assembly.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Mr. Chairman, I understand the Minister to say that it was the government's intention to put Bill 24-88(1) into the House. So the government has no problem with this particular legislation? It feels that it is as clean as they can make it, and that it is a great improvement on the existing legislation. Is that correct?

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, as I stated, we have no problem with the bill and it was just a matter that there did not seem to be enough time to get it on the agenda. That is what was really guiding us, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Well, as we proceed through this amendment, I think we will see situations that could cause some problems because Bill 24-88(1) is not in place. I will highlight those when we come to them.

CHAIRMAN (Mr. Zoe): Thank you. Clause 5, application. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 6. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 7, objects of corporation. Mr. Richard.

Deletion Of Desirable Objectives

MR. RICHARD: Mr. Chairman, the significant point I note in the change here, if Members will look at the old section 4 that is provided on page 2a for our information, the government is proposing that we remove as a purpose of the new power corporation that they generate, distribute, supply and sell energy "on a safe, economic, efficient and reliable basis", and also that we remove as a purpose of the new power corporation that they are "to ensure a continuous supply of energy adequate for the needs and future development of the Territories". I have to ask, why are we deleting those, what would appear to be very desirable purposes or goals?

CHAIRMAN (Mr. Zoe): Thank you. Ms Bentivegna.

MS BENTIVEGNA: The reason for removing those was that it was felt that the corporation should have broader objectives, and that those words might be seen as restricting the corporation in the way it is to operate. So trying to simplify and put down a fewer number of objectives, was the reason to take out this wording.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Richard.

MR. RICHARD: Mr. Chairman, I had a concern about the removal of particularly the second one. Well, both are equally important, but "to ensure a continuous supply of energy", I think is a desirable objective for what is essentially a Crown corporation, or starting out as a Crown corporation. I looked in the federal Northern Canada Power Commission Act to see a similar provision, and I see it is not there any more, but my recollection originally is that the Northern Canada Power Commission Act had such a purpose. Certainly, historically, why we have a power commission in the North is that the federal government of the day decided that there should be an entity charged with the responsibility of ensuring a continuous supply of energy for the Northwest Territories. Am I to take from the fact that the legislative draftspersons answered the question, that it was a deletion that came from the draftsmen, as opposed to the Executive Council or a

policy decision to remove that? Because I have to say that I was a bit concerned seeing that removed. I wondered, for example, whether that removal had anything to do with the possibility that this function is going to be privatized in the near future and that, if privatized, the private sector would not have the obligation to ensure the continuous supply, which a Crown corporation should have.

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister, who would you like to have answer this? Mr. Nielsen. The Chair would like to ask the witness to respond to the question raised by the honourable Member for Yellowknife South. Madam Minister, or Mr. Nielsen.

Understood And Implied Responsibility

MR. NIELSEN: Mr. Chairman, quickly, the objects of the corporation redesign was primarily the result of recommendations of our outside counsel in consultation with our internal legislative counsel. The overall intent was to try to streamline and not restrict the operations of the corporation. There was absolutely no intent by the removal of those words to suggest that that was not going to be an objective of the corporation. However, our outside legal counsel felt that it would be redundant to say so, that it is an understood and implied responsibility of the corporation to be able to provide economic safe power. I guess, just to add to that, certainly as I understand it, the Executive Council have absolutely no problem if it was the desire of the Legislative Assembly to include those phrases.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Richard.

MR. RICHARD: Mr. Chairman, with that explanation, and I know it is the deputy minister in charge of Finance speaking, but can I ask the Minister then, with that explanation from Mr. Nielsen, would the government have any objection if I were to move a motion to put those two objectives back in, which would give direction to the new corporation?

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I know certainly that comment on intent was certainly not in the minds of anyone when the Executive looked at the draft. Certainly, Mr. Chairman, we have no objection. We can put a motion together and bring it back tomorrow because obviously we will still be here. So if you wish we could draft something so it could be ready for your consideration tomorrow.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Richard.

MR. RICHARD: Mr. Chairman, then I would ask you, sir, to not conclude the ayes and nays on clause 7 until tomorrow, and in the meantime I will ask the assistance of Mr. Fournier to draft a motion to that effect.

Agreement To Defer Clause 7

CHAIRMAN (Mr. Zoe): Does the committee agree we defer clause 7 until tomorrow. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Mr. Ballantyne.

Motion To Extend Sitting Hours, Carried

HON. MICHAEL BALLANTYNE: Thank you, Mr. Chairman. I move that we extend sitting hours until 7:00 o'clock.

CHAIRMAN (Mr. Zoe): I have a motion on the floor that is not debatable. All those in favour? All those against? The motion is carried.

---Carried



CHAIRMAN (Mr. Zoe): Clause 8. The Chair understood that clause 7 was not to be voted on until tomorrow. That was my understanding, unless otherwise -- okay, back on clause 7 then. Mr. Butters.

MR. BUTTERS: Mr. Chairman, thank you. In fact, I have a question on clause 5 which I did not see when trying to go between three or four different pieces of paper. In clause 5, in section 2.2, "Except as otherwise provided". What do the words "otherwise provided" mean? Is that the Financial Administration Act? What is referred to with those words?

CHAIRMAN (Mr. Zoe): Thank you. I guess we are returning back to clause 5. Ms Bentivegna, for further explanation. Thank you.

MS BENTIVEGNA: The "Except as otherwise provided" refers to the notwithstanding in the act and then the last clause says that the Public Utilities Act will not apply until October 1, 1989. It just refers to the references in this act.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

#### Related Activity

MR. BUTTERS: Thank you, Mr. Chairman. On clause 7, I would like a definition of the word "related" here. What is considered in the use of the word "related"? That is in clause 7, 4(c) of that particular section.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, this word was put in following the review by the committees of the Northwest Territories Energy Corporation Act on the basis that the previous wording seemed to provide for too much latitude for the Executive Council. So the suggestion was that we should identify that the Executive Council would be limited to approving activities related to the utility's current operations.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Thank you, Mr. Chairman. I understand that. I am asking what specifically might it mean? Does it mean gas distribution? Does it mean developing heating systems? Does it mean research of energy and power matters? What is meant by "related activity"?

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister. Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, this I suppose could be subject to legal interpretation but, as I understand it, the way it was put in here and as we reviewed it with legislative counsel, when we have the objects of the corporation identified in (a) and (b) then it is very clear that those are the activities of the corporation. Paragraph (c) would mean a related activity, it would have to relate to something in (a) or (b). It could not be outside (a) or (b).

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Thank you, Mr. Chairman. I am concerned because it operates on the authorization of the Executive Council. I would have hoped that we would have removed the Executive Council from the objects of the corporation. I am wondering, would there be any great problem with deleting paragraph 4(c)?

CHAIRMAN (Mr. Zoe): Thank you. Ms Bentivegna.

MS BENTIVEGNA: The problem would be that the corporation would be limited. If all of (c) was deleted, then it would just be to (a) or (b). Paragraph (c) is there as a safeguard, that if there is something new that is related to those fields, then the Executive Council can say to the corporation, "Take this on." Otherwise they would be restricted in their objectives to (a) and (b).

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

Process For Government To Interfere

MR. BUTTERS: Well, obviously this was an oversight by the draftspersons who put together the bill in 1986, the same draftspersons that are putting together this bill today. I am not convinced it is necessary. With the addition that Mr. Richard is talking about, I tend to feel that it could be a process by which a government could interfere with the operation of a corporation. But that is only my personal feeling.

CHAIRMAN (Mr. Zoe): Thank you. Any comments, Madam Minister? Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, I would like to refer to two things. The earlier comments by Mr. Nerysoo in which he indicated that it would be useful to have this corporation undertake such projects as research and development. A strict interpretation of the first two objects might not allow that type of activity and I think when we are talking about research and development, that would be an activity related to each of the first two objects. Also, under the previous act there was a paragraph in there which said, "generally, to do any act or thing incidental or conducive to the exercise of its powers and performance of its duties and the conduct of its business", which in my interpretation has far more latitude for the corporation than paragraph (c) would provide.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: But it is not the Executive Council doing all those things. In fact when I originally asked the question I included research and I think Mr. Nielsen has made a nice recovery.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Richard.

MR. RICHARD: Mr. Chairman, just a follow-up on Mr. Butters' comment, I recall being at one of the committee meetings when, I believe, an earlier draft read "to undertake any other activity" and the same concern was raised. It was as a result of that, I believe, that the word "related" was put in there. I share Mr. Butters' concern and when I turn over the page to the new section 4.2, and you combine this disclaimer of a sort, which basically says that no matter what the objects are, if the corporation does an act, it is not invalid or void, just because it does not fit within the objects of the corporation, I query the reason for section 4.2. But I have more concern about the open-endedness of paragraph (c), that Mr. Butters has referred to because of section 4.2. I have a similar concern.

Other Activities Could Be Authorized By Amendment

When you look back to the purpose of the energy corporation when the legislation was first passed in June 1986 there was no open-ended "add on" of other activities that the Executive Council might think up later on. I think if there is something else they want to get into -- I mean we do meet two or three times a year -- they could come in and amend the legislation to authorize the corporation to carry on some activity that does not fit within (a) or (b). So that is just a comment. I share Mr. Butters' observation on that one. Thank you.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments? Madam Minister.

HON. NELLIE COURNOYEA: No, Mr. Chairman, I believe we attempted to clarify and I believe what the Member said was a comment and he was just sharing Mr. Butters' point of view.

CHAIRMAN (Mr. Zoe): Are there any further comments on clause 7? I will not call clause 7. We are going to continue on because there is a motion coming forward at a later time, I believe. Mr. Butters.

MR. BUTTERS: As you say, Mr. Chairman, you are leaving the clause open. And I would like the government to look at that and see whether it is really necessary to add it in. It seems to me it might give cause for abuse somewhere down the road. Not with this Executive Council because I know that they are very rational and objective, but with some other Executive Council.

CHAIRMAN (Mr. Zoe): Thank you. If there are no further comments or questions on clause 7, we will continue on to clause 8, chairperson and vice-chairperson. Clause 8. Mr. Butters.

MR. BUTTERS: Mr. Chairman, I have a problem with clause 8, especially subsection (2). "The chairperson and vice-chairperson shall be designated by the Minister from among the directors." Why should we put that responsibility on a politician? If we choose the directors of this board well and we have competent, effective people in place, why should not they be able to choose, or recommend to the Minister, the chairperson and the vice-chairperson and allow the board to determine who would be best able to carry out the functions of that body?

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I will ask Mr. Nielsen to explain that. I believe the question was mainly with the Minister designating a person. I would think that that would come after some consideration of the best person. It was my understanding that was an accountability function for the Minister to carry out. Mr. Nielsen.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Nielsen.

Chairman Directly Accountable To The Minister

MR. NIELSEN: Mr. Chairman, the way it stands right now, the directors are appointed by the Minister. If one is to follow the line of accountability, it would be appropriate to ensure that the chairman of the board is directly accountable to the Minister and not to the other directors. I think it is appropriate that the Minister, rather than the other directors, select the person that will be reporting to them.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Butters.

MR. BUTTERS: Mr. Chairman, I would like to have some comments on this particular section by other Members. I am moved to amend this, or put a motion in place, which would read, that the president would be appointed by the board and approved by the Minister on the recommendation of the board. Now that way, both the Minister has the last call and the board is able to determine the most effective individual for acting in the role of chairperson.

CHAIRMAN (Mr. Zoe): Thank you. Are there any further comments? Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, I think the point raised by the Member is an excellent one, and I think that is the way it would operate. I guess this act is not intended to identify process, but rather to identify that the actual designation would be made by the Minister. As I understand it, in most of the organizations or agencies reporting through the Executive, in fact the names do come to the Minister from the board, and I expect that is the way it would operate in practice here. The Minister would take those names, or the name of the proposed designate, to the Executive Council, and with the approval of the Executive Council the Minister would then designate that person. The question is whether you would want to outline that complete process in the legislation, because really all this says is that they are designated by the Minister.

CHAIRMAN (Mr. Zoe): Thank you. Clause 8, Mr. Gargan.

Discretion Over Public Utilities Act

MR. GARGAN: Mr. Chairman, just maybe a point of clarification. With regard to clause 8, I understand that the Public Utilities Act would not come into effect for the first 18 months. It would then give the Minister and the president discretion over the Public Utilities Act. Am I correct on that? That this new corporation could take a whole new direction undermining the Public Utilities Act. Am I correct?

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, this particular piece of legislation is attempting to put in place a process between now and when the Public Utilities Act comes into place. This particular piece of legislation is not there to run helter-skelter. It does not have the mandate to do that. As we go through the act, these provisions are a bit restrictive mainly because at this point in time this corporation will not be subject to the Public Utilities Act.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Gargan.

MR. GARGAN: Mr. Chairman, I have one concern with regard to this. That is because the new corporation is not governed by a utilities board or act the government could take any kind of direction they wanted. The result would be that a whole new utilities act could be in place within the next 18 months to a year to reflect this new direction that this corporation is going to take. So I am just wondering whether the Public Utilities Act is going to be doomed because of this.

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister. Ms Bentivegna.

MS BENTIVEGNA: The thing is that what this act is attempting to do is just put in place a corporation and set out its powers. Now in Bill 20-88(1) that will not be changed, they will remain the same until October 1, 1989, and then after that they will be changed in accordance with the Public Utilities Act. It is the rates that have the most impact on the consumer to start off with. So that is where the protection is, in section 34.4 that says the rates will not be changed until October 1, 1989 and then only in accordance with the Public Utilities Act after that.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Gargan.

MR. GARGAN: Am I correct then in that what Ms Bentivegna is saying is that after October 1, 1989 the corporation is still going to be governed by the existing Public Utilities Act? Am I correct?

MS BENTIVEGNA: Well, either by the existing one, or if the new one has been brought in by the Legislative Assembly, then the new one. Whichever one is in place at that time. If the new one is passed then the old one would have been repealed.

CHAIRMAN (Mr. Zoe): Thank you. Could I remind Members that we are dealing with a specific clause and clause 8 basically deals with the amendments in regard to the president and so forth, dealing with the chairperson and vice-chairperson? If we can specifically stick to the clause that is under consideration. Thank you. Mr. Lewis.

MR. LEWIS: Mr. Chairman, to that specific clause. I appreciate that the accountability to the Minister is the reason for the use of the word "designated" and we can assume all kinds of processes by which the Minister eventually gets some names but it would not require a big change to this clause to simply replace those last few words to read something like, "...shall be designated by the Minister on the recommendation of the board of directors". That is simple. That would very much help this board to at least give the appearance of being responsive, as responsiveness is what the Minister has indicated has been the problem in the past. If you want a board to have powers and to do its work in a comfortable fashion, to get its business done expeditiously, then one way of doing that is to have that board say, "Well, this chairperson here could do a really good job." They are the ones who would be able to judge the kind of person that can get that work done best, because they are the ones that work together.

Motion To Amend Clause 8, Bill 20-88(1)

So I would in fact move that, if it has not been moved already, Mr. Chairman, that we specify. We do not have to go into great detail, into the regulations. It is a simple word change in this clause. So I move that we would simply change it to "...by the Minister on the recommendation of the board of directors".

CHAIRMAN (Mr. Zoe): Thank you. Before I rule on your motion, Mr. Lewis, can I get a copy of it so that I make sure that the wording is correct? Mr. Lewis, your motion is in order. For the record I will repeat the motion. I move that in clause 8, paragraph (b) be amended by adding immediately after the word "Minister", "upon the recommendation of the board from among the directors". It still does not sound right to me. Before I rule on it I will ask my legal people to draft it up. I will take five.

---SHORT RECESS

Can we come back to order? For the committee I will read out the motion that has been put forward. "I move that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act, clause 8, paragraph (b), is amended by adding, 'upon the recommendation of the board', after 'Minister'." Mr. Lewis, your motion is in order. To the motion.

MR. LEWIS: Mr. Chairman, there is some concern that during this interim period, over the next year and a half, the board of directors will have a different kind of accountability, and during this interim period it is very important, I think -- an important phase -- to demonstrate, I suppose, a change in the way we do our business. I was struck very much by the comments made by the Minister on the need to have a board which is responsive. Even though the last one apparently had been very responsive, the word "responsiveness" echoed through many of the words that she used. So it seemed to me that this particular clause gave the Minister the kind of powers that I would want to see specified much more clearly than the way they were. What this does, really, is to confirm that that board of directors is obviously the choice of the important people in this House, the people who are on our Executive Council, but we would not want to stretch it to give the Executive Council all the powers implied in this clause.

So it seemed to me a practical solution to getting work done, that we follow the fairly normal practice of getting the board itself to choose one among its number to conduct the business of that board. It is a fairly common practice, and this clause would merely confirm that, that the board itself, recognizing the talents around the table, would designate, or at least recommend, one person as the one who could get the most and best work out of that group. The Minister is perhaps a little bit too distant from the everyday workings of a group to make that kind of judgment, so I would recommend this particular amendment to this clause. Thank you.

CHAIRMAN (Mr. Zoe): To the motion. Ms Cournoyea.

HON. NELLIE COURNOYEA: Mr. Chairman, I guess maybe I am not quite understanding what the intent -- as Minister responsible for this power corporation, I am responsible to the Executive Council and to this Legislative Assembly. I answer to them, and I answer in that order. The actions that I take as Minister responsible in setting up this corporation, will very much depend on the ability of the chairman of the board to run a corporation under the direction of the Government of the Northwest Territories. My allegiance goes to the Executive Council and this Legislative Assembly.

Now it seems to me that what you are suggesting is that I could have a board of directors, a group of people, and maybe three of them on the board have a special reason for doing what they want to do, they have their own private program, so they are the ones who appoint the chairman of the board. That I cannot make a decision on the person who is chiefly responsible for that corporation. I cannot do that unless the board members recommend to me.

#### Apparent Loss Of Accountability

I find that a little difficult because I think the chairman of the board is also responsive to this government agency through the Minister responsible. The board may only recommend people that may not have the best interest of myself on that. Maybe someone else has some other ideas, but it seems to me that some of the accountability is taken away, and perhaps I really do not quite understand that. I realize that over the last few days there has been quite a bit of suspicion as to whether the Executive Council can really manage things, but I feel that in this particular venture, which is going to be a business venture, decisions have to be made and they have to be made in a business sense, and the chairman of the board is a prime person responsible to me through this Legislative Assembly. What if the board recommends the people that basically may not be the best persons among them? Does that mean then that I cannot designate a person because the board refuses to recommend the person that is the best person, for other reasons? It seems to be tying me up a bit, mainly because I feel I am accountable to this Legislative Assembly, and I would like to be able to carry the duties as the Minister responsible for the energy corporation to this Legislative Assembly, and if I cannot get the best person, the board of directors does not recommend the best person, for whatever reason, then I cannot designate a chairman.

CHAIRMAN (Mr. Zoe): Thank you. To the motion. Mr. Wray.

HON. GORDON WRAY: Yes, I am not clear on the motion either because the way I read it, it would make the chairman of the board more accountable to the board of directors than he or she is to the Minister or the government or the Legislature, simply because the chairman of the board is in place by virtue of a recommendation by the board of directors, not by virtue of a recommendation of the Minister. Therefore, the chairman is holding power based on a recommendation of that board of directors, not from the Minister. So ultimately he becomes much more accountable to the board of directors than he does to anybody above him, because they are the ones who put him where he is. That is the first point.

The second point is that it really removes authority from this Legislature through the Minister because if the Minister can only appoint a chairman based on the recommendations of the board of directors, all the board of directors have to do is keep throwing out recommendations until they get one that they like. The board of directors could recommend 10 people, the Minister can say, "Well, I do not like them, this is the person I like. This is the person the government wants to put in charge of this corporation." All the board of directors has to do is refuse to recommend that person, and the Minister has no authority to appoint a chairman.

Intent Of Motion Is Unclear

The way the motion reads, the chairman can only be appointed upon recommendation of the board of directors. I do not know if that was the intent. I do not think it was the intent, but that is the way it reads. Mr. Butters is nodding to say that is the intent, Mr. Lewis is shaking his head to say no, that is not the intent, but I really would like to know what the intention of the motion is. Is it to make the board of directors responsible for appointing the chairman or...

AN HON. MEMBER: (Inaudible comment)

HON. GORDON WRAY: But say, I mean -- I am responding to questions here that are not on the record, but I certainly know that there are times when you appoint a person to a board of directors, but you may not necessarily want that person to be chairman. There are different requirements. There are different things that you look for in a chairman that you may not necessarily look for in a director. That is all I am saying, that a person who is on a board of directors may not necessarily be the person that you want to appoint as chairman. You may not want to appoint one of them as chairman. The problem, Mr. Chairman, is when you appoint boards of directors you are appointing them as potential chairmen. You are appointing them as a board of directors. But you appoint a chairman for a specific purpose. You do not appoint seven or eight to a board of directors saying to yourself that you are going to appoint seven people any of whom can be chairman, because in some things you are looking for very different qualities in a chairman and a board of directors. I do not know; this may seem like a small amendment but in fact it is removing authority from the Minister, which ultimately removes authority from this Legislature to appoint the chairman of that corporation.

MR. BUTTERS: The Legislature is not involved.

HON. GORDON WRAY: Well, the Legislature is involved inasmuch as it appoints the Executive Council and if it does not like what the Minister is doing it can remove the Minister.

CHAIRMAN (Mr. Zoe): Thank you. To the motion. Mr. Nerysoo.

MR. NERYSOO: Thank you, Mr. Chairman. There seems to be some confusion with regard to the issue of the chairperson and the vice-chairperson, because I believe it is the president, who has been identified as separate, as the actual person that runs the corporation. The chairperson and the vice-chairperson, upon the recommendation of the board, are to be designated from among the board already. Basically we are clarifying that that is the process, because all you are doing is choosing the chairperson from among the appointed board anyway. The suggestion being made is that it be upon the recommendation of the board. The recommendation itself, in my opinion is a matter for the Minister to judge. If she feels or he feels, whoever the future Minister may be, that the recommendation is not appropriate she can make an appropriate change. But it is among the board members, anyway, that the chairperson is arrived at. Will you make clear that the president is a very different animal, the person that runs the corporation on a day-to-day basis? This is very similar in many instances to the Housing Corporation where the president runs the corporation on a daily basis. The president runs the corporation on a daily basis; the chairperson of the Housing Corporation is an individual who is appointed and is recommended by the board, in fact.

CHAIRMAN (Mr. Zoe): To the motion. Mr. Butters.

MR. BUTTERS: That is all right, Mr. Chairman. Let somebody else speak or call a question.

CHAIRMAN (Mr. Zoe): To the motion. Mr. Wray.

HON. GORDON WRAY: Just to clear one thing. Mr. Jaeb, the chairman of the Housing Corporation, was not selected from among the members of the Housing Corporation to be chairman. He was appointed specifically as the chairman of the board of directors. He was not a board director before that.

I was the Minister who selected Mr. Jaeb and he was selected specifically to be chairman. I want that cleared up. He was not selected from among the board of directors. He was not a board member before. He was specifically selected as chairman of the Housing Corporation board.

CHAIRMAN (Mr. Zoe): To the motion. Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: Thank you, Mr. Chairman. I would like more clarification, too. I think there is some misunderstanding of what this particular motion will actually effect. I think what Mr. Nerysoo was saying -- it is one thing to choose the chairman from among the board directors. That is one thing. That is not what this says. It says, "upon the recommendation of the board from among the directors". I am saying that maybe a possible amendment would be "from among the members".

#### Authority Given To Non-Accountable Boards

From my experience with a number of boards over the years, I see a real problem in the Territories and other places is that elected people give away their authority to non-accountable boards of directors. It happens all too often and I think sometimes we forget, because of some of the animosity that happens in here, that there is really a quadruple accountability; of the Minister to the Executive Council; then there is the accountability to the Legislature of the Minister; then there is the accountability of the whole Executive to the Legislature and then the accountability to the electorate. So there is quadruple accountability. If the Minister blows it, the Minister can be taken out by you. If it was a big enough mistake that the Executive blew it, the Executive can be taken out. If it is really a big enough mistake, many MLAs can lose the next election. So there is a lot of accountability.

On the other side there is only accountability before the appointment. The reality is, in all my experience with boards over the last 10 years, very, very seldom do you see a Minister fire a board member. Everyone talks about, "Well, if you do not like it then you can always take them out." It very seldom happens. It is a very difficult thing to do once a board member is in there, and I think what Mr. Wray was saying actually makes a fair amount of sense. The dynamics of a board of directors could be -- let us say over the next three years it is a different Minister, it is not the same Minister who appointed them. It could be that different people are chosen for different skills, or whatever criteria are used, and then just because of the fact that they have been together for a number of years, certain alliances form, even on a social basis. That can happen, and they decide that they want one segment or one rump, if you will, of the board of directors over a period of time to put together an alliance, and they want to push a particular philosophy in the chairman, then they could do that this way. And I think that, even though we do have some problems among ourselves, that the Minister -- for God's sake -- has to be perceived as having the overall good of the people of the Territories in mind.

I find some difficulty with the intent of this. If the intent is, as Mr. Nerysoo says, which I think makes some sense, that as a compromise, the chairman is chosen from amongst the board of directors, by the Minister -- that is, chosen by the Minister from amongst the members, I think that would not be quite as difficult as this one, but I am not sure what we are trying to accomplish here as a Legislature, or understand why the Legislature wants to take away their influence over the Minister and give it to a non-accountable group. I have some problem with that.

CHAIRMAN (Mr. Zoe): Thank you. To the motion. Mr. Nerysoo.

#### MLA Could Be Designated Chairperson

MR. NERYSOO: Mr. Chairman, if we want to maintain influence of the Assembly and Members of the Assembly in this particular process, then simply designate a Member of the Legislative Assembly to sit as a chairperson. Now, that practice exists in other jurisdictions across the country, but that is not the case here. The simple fact is that, despite the fact that we are suggesting, or Mr. Ballantyne is suggesting, that we retain the authority within the Assembly, we are no closer to that in this recommendation than, in fact, to appoint someone from the Legislative Assembly. That would have been a different and probably more appropriate step to take, if you wanted to retain the authority here. But that is not the practice of this Assembly, despite the fact that it is practised in other jurisdictions where the various boards and commissions are headed by Members of the Assembly and appointments are made for those chairpersons from Members who have been elected.

CHAIRMAN (Mr. Zoe): Thank you. To the motion, Mr. Pollard.

Not A Small Corporation

MR. POLLARD: Thank you, Mr. Chairman. Mr. Chairman, we are talking about a corporation that is going to be taking in -- I do not know -- about \$80 million a year. Well, that was before the Yukon was taken out, right. This is not a small corporation; this is not a corner drug store, or a grocery store. My preference, of course, would have been to privatize the corporation. However, that is not the direction we are heading in right now, and so I do not want to leave anything to chance as to who is going to be steering this ship that is taking in \$80 million a year. And whether or not the Minister can appoint the members to the board, you are still taking a chance on who the board is ultimately going to name as the chairperson, or recommend to the Minister. In the event, as Mr. Wray says, that the board recommends somebody to the Minister who the Minister and the Executive Council feel could not do the job, or is not the best person for the job, then you might get a Mexican stand-off back and forth. So I am going to be voting against the motion because I want the Minister, I want the Executive Council, I want this Legislative Assembly to be able to definitively say who is going to sit in the chair behind the driver's seat of this corporation. So I am going to vote against the motion, Mr. Chairman. Thank you.

CHAIRMAN (Mr. Zoe): To the motion. Mr. Lewis, a wrap-up of your motion.

Best People Available Would Be Appointed

MR. LEWIS: Just to wrap up, then, Mr. Chairman. All these arguments are very eloquent arguments about ministerial power, but what I understood the role of this board to be suggests that when you sit down to choose the six or 10 people, an awful lot of thought would be going into that, so that the very best people were available, would be appointed by the Minister. So the only issue at stake is, why should the six people who have been chosen because they are so good, so clever, so able -- why is it that you do not believe that six or 10 brains are better than one brain? Because that is the issue here. A simple matter as to who is going to sit in the chair. I would hope that any members of a group of six to 10 would be very careful and would give an awful lot of thought before they decided who it is that they would want to have as their chairperson.

So my argument is simply that, first of all, the Minister has done all the appointing, these people are all going to be good people, and the only issue is whether the 10 brains are going to do a better job than the one brain. And in my experience, unless you have a whole bunch of hidden things that you want done, that you would like to have a funnel that will do exactly as told by the Minister on a day-to-day basis, then you let the six to 10 people, choose the person who obviously is the most competent in the group. So as soon as I hear opposition from the government side, like Mr. Richard, my colleague here, I begin to get messages. What exactly are people afraid of here? They are afraid of democracy. That is the issue. You get a message right off, you hit a nerve somewhere, that you do not want to have one of these excellent people designated as the chairman for this particular group, and that worries me a little bit because it has been admitted on the other side that it is a small thing, a tiny thing, really -- and yet suddenly, after one minute saying it is a tiny thing, suddenly you want to make a big issue of it.

I saw it as a way in which we could do some of the things that the Minister indicated may have been lacking, that you get a board which in fact can be a responsive board, give the board some authority, some responsibility, and this would be one way of doing that. A public body with carefully chosen people just given that one little job of selecting from among their number the person who they feel would be the best person. The Minister does the choosing. This board does not do the choosing. They simply make their recommendations. You may want to in your regulations -- I know all the kinds of wonderful tricks you can do with regulations -- you may want to say, well, you have to make a recommendation of three people. You may even get smart and say we want 10 recommendations out of the 10 in order of priority, one to 10, as to who you think would be the best.

CHAIRMAN (Mr. Zoe): I am sorry, Mr. Lewis, but the Chair will have to recognize the clock, the time being 7:00 o'clock. I will now rise and report progress. I would like to thank the government witnesses at this time. Thank you.

MR. SPEAKER: Mr. Zoe.



ITEM 18: REPORT OF COMMITTEE OF THE WHOLE

REPORT OF COMMITTEE OF THE WHOLE OF BILL 20-88(1), NORTHWEST TERRITORIES ENERGY CORPORATION ACT

MR. ZOE: Mr. Speaker, the committee has been considering Report of Standing Committee on Finance on the 1988-89 Main Estimates; Bill 1-88(1); Ministers' Statement 13-88(1); Tabled Document 71-88(1); Tabled Document 80-88(1); Ministers' Statement 43-88(1); Tabled Document 101-88(1); Bill 25-88(1); Bill 7-88(1); Bill 20-88(1).

Motion To Accept Report Of Committee Of The Whole, Carried

Mr. Speaker, I move that the report of the chairman of the committee of the whole be concurred with.

MR. SPEAKER: Thank you, Mr. Zoe. Is there a seconder for the motion? Mr. Kilabuk, thank you. All those in favour? Those opposed? The motion is carried.

---Carried

Mr. Clerk, orders of the day.

CLERK OF THE HOUSE (Mr. Hamilton): Mr. Speaker, a meeting of the public accounts committee at 7:30 p.m. this evening and at 9:00 a.m. tomorrow morning. Also at 9:00 a.m. tomorrow morning a meeting of the ordinary Members' committee.

ITEM 19: ORDERS OF THE DAY

Orders of the day for Tuesday, March 29 at 1:00 p.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. Petitions
10. Reports of Standing and Special Committees
11. Tabling of Documents
12. Notices of Motion
13. Notices of Motion for First Reading of Bills
14. Motions
15. First Reading of Bills
16. Second Reading of Bills
17. Consideration in Committee of the Whole of Bills and Other Matters: Report of Standing Committee on Finance on the 1988-89 Main Estimates; Bill 1-88(1); Ministers' Statement 13-88(1); Tabled Document 71-88(1); Tabled Document 80-88(1); Ministers' Statement 43-88(1); Tabled Document 101-88(1); Bills 25-88(1), 7-88(1), 20-88(1)

18. Report of Committee of the Whole

19. Third Reading of Bills

20. Assent to Bills

21. Orders of the Day

MR. SPEAKER: The House stands adjourned until Tuesday, March 29 at 1:00 p.m.

---ADJOURNMENT

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