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YELLOWKNIFE, NORTHWEST TERRITORIES

TUESDAY, MARCH 29, 1988

MEMBERS PRESENT

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

ITEM 1: PRAYER

---Prayer

SPEAKER (Hon. Red Pedersen): Orders of the day for Tuesday, March 29th. Item 2, Ministers' statements. Mr. Government Leader.

ITEM 2: MINISTERS' STATEMENTS

Ministers' Statement 50-88(1): NWT Forum On Continuing Education

HON. DENNIS PATTERSON: Mr. Speaker, the Northwest Territories forum on continuing education recently held in Inuvik was an outstanding success. The many recommendations made are responsible and reasonable and will form the basis for a long-term strategy as well as immediate improvements in continuing education. Participants represented the private sector, students, teachers, the Arctic College Board of Governors, the federal and territorial governments, native organizations and post-secondary institutions in other parts of Canada and Alaska.

Delegates advised that greater priority should be placed on overcoming the illiteracy problem we face in the North. They suggested that government alone could not resolve the problems of illiteracy and emphasized that the support of non-government agencies, volunteers and business was essential.

The forum strongly recommends that entrance examinations for Arctic College programs be abolished. Southern institutions do not use them except in specialized programs. This does not mean that entrance requirements cannot be set, but that entrance exams will not be used to eliminate students. Instead, credentials such as high school diplomas, adult education certificates or GED, general education development diplomas should be recognized consistently across the North. Mr. Speaker, I have asked the Department of Education and Arctic College to act on this recommendation immediately. I am pleased that finally we will have an education system, from kindergarten to the completion of adult level training, that is co-ordinated and consistent from one level to the next.

Financing is a major concern. The forum delegates have many ideas, including setting fees for Arctic College, seeking support from private donors and conducting regular program assessments to guarantee that they are meeting goals of employers and students. A stronger public awareness is suggested. Delegates say that unless the public, and particularly private business, support training initiatives, success will be limited.

Mr. Speaker, another major area of discussion was long-term planning in continuing education. I am happy to say that the forum supported our ambitions to provide training as close to home as possible through a decentralized college and adult education system.

Co-ordination Of Northern Research

The need for a northern university and the co-ordination of northern research were discussed at length. I am pleased to confirm that Arctic College and Athabasca University have agreed to offer first year university programs in arts and sciences in Yellowknife beginning in September, 1988. The forum also recommended that research in areas such as aboriginal languages or cold weather engineering could begin before a full undergraduate program is offered. We could attract experts in these fields, as well as graduate students, and financing could be supported largely through private donors or private northern businesses. I have asked my department and the college to investigate these possibilities with the Science Institute of the NWT.

Mr. Speaker, I am deeply indebted to all participants for their contribution to the forum on continuing education, and particularly to those private sector individuals who gave their time to this most important issue. Businessmen like Ric Bolivar from Yellowknife and Bob Leonard from Eskimo Point not only attended but also participated as workshop chairpersons. This forum represents a positive step in making the improvement of education, at all levels, everyone's business. Thank you.

MR. SPEAKER: Thank you, Mr. Patterson. Ministers' statements. Item 3, Members' statements. Mr. Gargan.

ITEM 3: MEMBERS' STATEMENTS

Member's Statement On Support For Northland Utilities

MR. GARGAN: Mr. Speaker, there has been a great deal of talk about NCPC and the proposed NWT power corporation. There has also been some implied criticism of the private utilities. I would like to make a statement in support of Northland Utilities, the private utility company which has been serving my constituency since 1964. In all that time the company has provided a good service to the community. Power rates in Fort Providence have gone down steadily over the last two years and I understand that when Hay River rates drop by 13 per cent in May, there will be a drop of six per cent in Fort Providence and Kakisa. There has also been a lot of contact with the company about their plans and they have been receptive to the ideas which are good for native people.

In the building of the line between Pine Point and Hay River, the Dene band had a subcontract to do the clearing of the right of way. They are willing to provide waste heat for heating Fort Providence's water supply if the project for piped water goes ahead.

At present I have asked the company to look into the possibility of extending the transmission line from Hay River to Fort Providence. The scheme could use surplus power generated at the Taltson hydro site and reduce our dependence on expensive diesel fuel. As well, there would be jobs created during the construction of the line. Perhaps it would be a good idea to investigate whether the line could continue to Fort Simpson.

In summary, I have to record my satisfaction with the company, which has 40 per cent northern ownership including 20 per cent by the Denendeh Development Corporation. We should not be afraid of including them in our plans for the new power corporation. Thank you, Mr. Speaker.

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

Member's Statement On Gordon Robertson

MR. LEWIS: Mr. Speaker, I have now examined the report, The North and Canada's International Relations. I agree with the comments made by the Government Leader that such reports reflect the visions of people who are out of date and out of touch. I do not perceive Gordon Robertson as a true friend of northerners, despite his statements about the Meech Lake Accord. After a distinguished career as a bureaucrat, he now spends his time in the public arena in Ottawa still attempting to influence the course of northern development.

Mr. Speaker, in our country that is his right, but I would warn Members that any time the name Gordon Robertson appears in connection with northern development, Members should beware. Mr. Robertson has his own visions of the North, which go back to the days when he was Commissioner of

the Northwest Territories in Ottawa. A lot has happened in the past 20 years. He is no longer an expert and I agree with the Leader that the report released by the Canadian Institute of International Affairs omits several issues, because consultation took place with people aware of contemporary northern development from a southern point of view only. Thank you.

---Applause

MR. SPEAKER: Thank you, Mr. Lewis. Members' statements. Item 4, returns to oral questions. Mr. Patterson.

ITEM 4: RETURNS TO ORAL QUESTIONS

Further Return To Question 0249-88(1): Responsibilities Of Health Boards After Transfer

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. I have a further return to an oral question asked by Mr. Nerysoo on March 8, 1988 on the subject of agreements made with regional health board steering committees. Mr. Speaker, Mr. Nerysoo raised this question in the context of asking if the application of the GNWT transfer policy in fact reduces the responsibilities of newly forming regional health boards in comparison with the jurisdiction of existing boards. I believe I responded fully to that general concern in my statement on the GNWT transfer policy on March 22nd.

With respect to Mr. Nerysoo's more specific concern about cabinet possibly retracting arrangements made with steering committees, especially in the Western Arctic case, I wish to stress again a fundamental point. Irrespective of any letters between the previous government and a regional hospital board steering committee, this government intends to effectively empower newly-forming regional boards to deliver health programs. Applying the principles and provisions of the GNWT transfer policy will not impair this capability. But, at the same time, consistent with comments made by the standing committee on finance, we will ensure an efficient system of support services is put in place as these new boards are formed. I believe what are binding on this government are the arrangements we negotiate with these new boards as they are formed and our commitment to be resourceful in supporting their operations.

No, I do not believe we are renegeing on expectations, as Mr. Nerysoo implies. Furthermore, I stated we will study, on a case by case basis, all existing arrangements with current boards and agencies with the intention of consistently applying the policy to yield savings. Any savings identified might then be applied to new program needs. This is not inconsistent with aspirations of new or existing boards delivering any GNWT program. I believe these boards emerge from a community-based desire to influence program quality and delivery, not administrative services. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Minister. Returns to oral questions. Item 5, oral questions. Mr. Lewis.

ITEM 5: ORAL QUESTIONS

Question 0312-88(1): Government's Position On Free Trade Agreement

MR. LEWIS: Mr. Speaker, this is a very simple, straightforward question to the Minister responsible for Economic Development and Tourism. We have had several briefings on the free trade agreement over the last several months, Mr. Speaker. We were told generally this government was in favour but there were some things they did not like and that needed more study and they wanted to know what impacts various parts of this agreement would have on the NWT. By now we should know very clearly whether we agree with it or not. So my question is, is this government officially in favour of the free trade agreement, with no holds barred, with no if's and but's? Yes or no?

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

Return To Question 0312-88(1): Government's Position On Free Trade Agreement

HON. NICK SIBBESTON: Mr. Speaker, it is funny that the Member should be asking that question today because I was in the course of making available to Members a study that was done for us on the matter of free trade. It should be in your mail boxes later this afternoon. It indicates, more or less, the government's position. We have a number of concerns, so the question is not as simple as

that, that it can have a yes or no answer. We are generally in favour of provisions in the free trade agreement but there are a number of concerns we have about the way in which free trade may affect the North. So it is cautious support, with quite a number of concerns yet to be resolved, and one that we are pursuing the federal government for answers on.

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

Question 0313-88(1): Removal Of Employment Officers From Communities

MR. NERYSOO: Thank you, Mr. Speaker. This is a question for the Minister of Education. There has been concern expressed by my constituents with regard to labour pool officers. Apparently, the Department of Education has made a decision to remove these positions from the various communities and I would ask the Minister to reconsider that decision in light of the valuable service that these employment officers provide, not only to the community but also to the government, in determining human resources and their qualifications. They are responsible for identifying labour opportunities, employment opportunities and also give a valuable service in determining and supporting the identification of individuals who can access training programs. I would ask the Minister of Education whether or not he is prepared to reconsider the decision of removing these positions from the communities.

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

Return To Question 0313-88(1): Removal Of Employment Officers From Communities

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, the Member is correct that, due to the reductions required of my department, which constitutes a substantial part of the NWT budget overall, I was required to make some difficult decisions about reductions in programs presently in place. It was determined after agonizing reviews that if priorities had to be set, the labour pool officers, which were, after all, set up primarily to meet the intense employment demands flowing from the Norman Wells pipeline construction, would have to be made a lower priority.

Mr. Speaker, the Member asked that this decision be reviewed and, of course, I will take that advice from the Member and review that decision. I have to say that in order to restore the labour pool officers, I would undoubtedly have to identify some other area of reduction, so it will not be an easy review. But I will certainly take the Member's advice. I will review that matter in the next short while and attempt to have a decision on the result of that review, perhaps when my budget resurfaces again for presentation to the House. Thank you, Mr. Speaker.

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

Supplementary To Question 0313-88(1): Removal Of Employment Officers From Communities

MR. NERYSOO: Thank you, Mr. Speaker. I would ask, Mr. Speaker, that the Minister also consider reviewing other departments where moneys might be able to be identified, such as Economic Development, so that these positions can be protected, particularly in those communities where the positions are being utilized to the greatest extent possible and where they are of the greatest assistance to our government and to the communities which they serve.

MR. SPEAKER: Mr. Patterson.

Further Return To Question 0313-88(1): Removal Of Employment Officers From Communities

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. While I certainly accept that if these labour pool officers are, in fact, helping NWT residents obtain employment and are fully occupied, then it is an investment for our government in the development of the economy. I will consult with the Department of Economic Development and Tourism on ways in which we might co-operatively preserve some of these positions that the Member refers to. Thank you.

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

Question 0314-88(1): Edzo Cottage Hospital In Health Transfer

MR. ZOE: Thank you, Mr. Speaker. I have a question for the Minister of Health. Could the Minister of Health indicate to me if part of the health transfer includes Edzo cottage hospital? If not, could she also indicate to me what National Health and Welfare will be using the building for?

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

HON. NELLIE COURNOYEA: Mr. Speaker, although Mr. Zoe indicated to me that he was going to present me with that question, it is my understanding that all the National Health and Welfare facilities will be transferred to the NWT government. However, I cannot answer him specifically at this time, to know whether it is in our assets at this time. I will take that question under advisement.

MR. SPEAKER: Thank you, Ms Cournoyea. You are taking the question as notice. Oral questions. Mr. Gargan.

Question 0315-88(1): Southern People Hired Rather Than Thebacha Campus Graduates

MR. GARGAN: Thank you, Mr. Speaker. I would like to direct my question to the Minister of Social Services. Last fall there were a number of graduates from Thebacha Campus in Fort Smith under the social services program. Unfortunately, these southern people who have graduated are not employed at this time, although the department is supporting and hiring them. The situation lies with the Department of Personnel not being able to hire these people due to the qualifications of those individuals and also because of lack of experience in those positions. So the Department of Personnel is still continuing to hire people from southern Canada rather than people who are graduating from the college program.

MR. SPEAKER: Mr. Gargan, your question please.

MR. GARGAN: I would like to ask the Minister of Social Services whether what I am saying is true, and whether this department does intend to do anything about the situation.

MR. SPEAKER: Madam Minister.

Return To Question 0315-88(1): Southern People Hired Rather Than Thebacha Campus Graduates

HON. JEANNIE MARIE-JEWELL: Thank you, Mr. Speaker. As I stated earlier, the department fully supports trying to employ people who are graduating from the social services program at Arctic College. I believe the requirements sometimes imposed are probably going through a classification process with the Department of Personnel. The hiring is done in conjunction with the Department of Personnel and I have asked my department to check to see what the stipulations are when they do ask for the hiring of these graduates. I will follow up the honourable Member's concern and reply to him at a later date as to the status of the graduates who have been employed with the department since last year.

MR. SPEAKER: Thank you, Madam Minister. Part of the question taken as notice. Oral questions. Mr. Nerysoo.

Question 0316-88(1): Concerns In Letter From Chief Regional Councillor For Inuvialuit

MR. NERYSOO: Thank you, Mr. Speaker. In light of the comments made in the reply by the honourable Government Leader, Mr. Patterson, to my question with regard to agreements with the health board steering committee and the suggestion that the government is not renegeing on expectations, I believe that is incorrect. It was always, Mr. Speaker, the impression that was given to the regional steering committee and the regional community representatives that they would finalize an agreement which was similar to that of the Baffin Regional Hospital Board. And also, the impression that the Government Leader is giving is that it is only my concern. Could the Government Leader indicate whether or not he has had an opportunity to review the concerns in a letter addressed to Ms Cournoyea, who is the Minister of Health, by Mr. Gruben, who is the chief regional councillor for the Inuvialuit?

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

Return To Question 0316-88(1): Concerns In Letter From Chief Regional Councillor For Inuvialuit

HON. DENNIS PATTERSON: Mr. Speaker, I have not had an opportunity to review that letter. Thank you.

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

Supplementary To Question 0316-88(1): Concerns In Letter From Chief Regional Councillor For Inuvialuit

MR. NERYSOO: Mr. Speaker, in light of the comments made by the Government Leader with regard to these particular issues, he seems to be insinuating that I am the only person concerned with this issue. Would the Government Leader be prepared to review that documentation and make appropriate changes to the process, if it is necessary, to accommodate the concerns that have been raised by the Inuvialuit and not only the Inuvialuit but in discussions that I have had with the negotiator for the Dene/Metis?

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 0316-88(1): Concerns In Letter From Chief Regional Councillor For Inuvialuit

HON. DENNIS PATTERSON: Yes, Mr. Speaker, I would certainly be pleased to review that letter and take advice from the Minister of Health as to how we might make adjustments to meet concerns that have been expressed in the Inuvik Region about the application of the transfer policy. Thank you.

MR. SPEAKER: Thank you. Mr. Richard.

Question 0317-88(1): Transfer Policy And Existing Boards, Agencies And Corporations

MR. RICHARD: Mr. Speaker, I, too, have a question of the Government Leader with respect to the GNWT transfer policy. Now that the Government Leader has confirmed that the policy will be applied retroactively to all existing boards, agencies and corporations in the next 18 months, will the government be providing a copy of the policy immediately to all existing boards, agencies and corporations to whom it will be applied retroactively in the next 18 months and start the consultative process? Thank you.

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

Return To Question 0317-88(1): Transfer Policy And Existing Boards, Agencies And Corporations

HON. DENNIS PATTERSON: Mr. Speaker, first may I respectfully correct the honourable Member's interpretation of my statements of the applicability of the transfer policy? I would rephrase the statement about the applicability of the transfer policy to existing boards. I would say it may be applied where economies and savings can be identified. And as I stated repeatedly, I thought, we will be examining the applicability of that transfer policy on a case by case basis in consultation with the boards. As to the Member's suggestion, Mr. Speaker, that the policy should be provided to those boards in order that the consultation process can begin, I agree with that suggestion by the honourable Member. And if the policy has not already been supplied, I can certainly undertake to see that it will be supplied with a view to beginning this consultation process as soon as possible. I hope that in addition to supplying the transfer policy, we will have an opportunity, once the pressing business on our tables at the moment is resolved, to sit down informally and discuss the intent behind the policy. Sometimes I think even the most lucid policy document is difficult for the lay person to understand, so I think we should not just furnish it, we should make ourselves available to explain what its implications might be. Thank you, Mr. Speaker.

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

Supplementary To Question 0317-88(1): Transfer Policy And Existing Boards, Agencies And Corporations

MR. RICHARD: Mr. Speaker, I do not accept Mr. Patterson's correction of my interpretation. First of all, I would like to clarify, Mr. Speaker, and ask the Leader to clarify that although in the last week or two I have been concerned with the application to hospital boards of management, this

policy is going to be applied retroactively to all existing boards, agencies, and corporations; all of the items that the Leader explained when he filed the transfer policy with us. It is not just hospital boards; he mentioned hamlets. It is all of these outside agencies.

Mr. Speaker, to return to the interpretation, is the Government Leader denying that the Executive Council decision is that the policy is to be applied retroactively to all existing boards, agencies or corporations, based on a case by case approval? The policy, Mr. Speaker, contains exemptions. I am aware of that. The Government Leader, Mr. Speaker, cannot deny that the decision of the Executive Council was that the policy will be applied retroactively to all existing boards, agencies or corporations by September 30, 1989. Can he confirm that my interpretation now is correct?

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 0317-88(1): Transfer Policy And Existing Boards, Agencies And Corporations

HON. DENNIS PATTERSON: Mr. Speaker, I guess my concern about the honourable Member's description of the decision to apply the transfer policy -- he uses the word "retroactively", which...

MR. RICHARD: The Executive Council decision uses the word "retroactive".

HON. DENNIS PATTERSON: ...which I do not think is appropriate. Mr. Speaker, my concern about the Member's phrasing of this decision is that he is implying that there will be no room for exceptions and that the policy will be forced on boards without their having any opportunity to discuss whether or not it makes sense.

I would like to clarify again, that if it appears evident that there are savings and efficiencies to be obtained by applying the policy, then, yes, it is our intention that the policy will be applied. However, if in examining a particular administrative function of a particular board we find that the board is delivering that service with the maximum efficiency and that there would be no savings and, in fact, additional costs or additional inefficiencies resulting from applying the policy, then we will consider exempting that particular function from the board.

I do not want to get into a semantic war with the honourable Member, Mr. Speaker. All I want to make clear is, if it makes sense to apply the policy, if there are savings and efficiencies to be yielded, then yes, it will be applied. However, I do recognize that in particular situations, depending on the facts, it may not make sense to apply the policy. In that event, the policy itself permits an exemption and therefore the policy need not and will not be applied. So it is not correct to say that with a sledgehammer blow the policy is going to be applied retroactively to all existing boards. The intention is to look at efficiencies which might be yielded from an examination of the applicability of the policy, but I do not expect that it will be applied in 100 per cent of the situations to be examined. That is why I say it is wrong to say it will be applied.

I would also like to make it clear to the honourable Member that while it is true that the transfer policy will apply to existing boards and agencies such as the NWT Housing Corporation, it is not intended to apply this policy to what is, in effect, an autonomous level of government within the GNWT, namely municipal governments. I thought I heard the honourable Member say it would be applied to hamlets and the intention of the policy is not to apply it to local governments. Thank you, Mr. Speaker.

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

Supplementary To Question 0317-88(1): Transfer Policy And Existing Boards, Agencies And Corporations

MR. RICHARD: Mr. Speaker, perhaps before I ask this series of questions of the Government Leader, I should have asked him to put in front of him the government transfer policy, the transcript of the Hansard for March 7th. I have come a long way, Mr. Speaker, because the Government Leader has just conceded that the policy is going to be applied retroactively to boards, agencies and corporations. On March 7th the same Government Leader spoke in this Assembly and said it was not the intention to apply the policy retroactively. So I have come a long, long way in that one.

On the same date I asked the Government Leader for examples of devolution and delegation, the two types of transfers referred to in the policy document. And the Government Leader, not I, used hamlets as an example of those in receipt of devolved powers. So I go back to my initial question this afternoon: Given that this policy is going to be applied retroactively to existing boards, agencies or corporations, will the Government Leader undertake on behalf of his Executive to immediately transmit a copy of this document to each and every community government, existing board, agency or corporation to whom the policy may indeed apply within the next 18 months? It is a simple request for an undertaking to be fair to those to whom the policy is going to be given retroactive effect.

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 0317-88(1): Transfer Policy And Existing Boards, Agencies And Corporations

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Yes, I have already indicated that we will supply a copy of the policy to boards and agencies of this government to whom the policy will apply. I would like to point out to the honourable Member that indeed there is a definition of devolution which makes it clear that it will apply to community governments. I would also like to point out that on page two of the policy it states under the first principle, "Devolution of programs will be accompanied by devolution of related support services", unless a specific exception has been approved by the Executive Council.

Mr. Speaker, we use the hamlet as an example of devolution because devolution is the transfer of authorities, powers and resources to another level of government. They have the power to legislate and govern themselves autonomously and it is in no way the intention of this government to in any way erode that independent, autonomous legislative authority that local governments have. But with that qualification, Mr. Speaker, yes, I would be happy to provide the transfer policy, which is a public document and has been tabled in this Legislative Assembly, to bodies and agencies to which it might apply. Thank you, Mr. Speaker.

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

Question 0318-88(1): Responsibilities Of Health Board In Inuvik Region

MR. NERYSOO: A question to the Government Leader and the comments made with regard to not playing a game of semantics. I believe that that is exactly what is wrong with the answers that I have been receiving the last few times I have had an opportunity to get up here. I, too, do not like the sledgehammer approach and the problem I see with the process that has been identified is that there are two types of policies and two different types of approaches being applied.

I would have thought that our government would have been more accommodating to the Inuvik Region and to the Mackenzie Valley in allowing them to take on the same types of responsibilities that now exist for existing hospital boards and then approach those organizations and identify those areas that government could control where they could be helpful in saving dollars. But that is not the approach that has been taken. They are not giving them the authority that they gave to the Baffin or to Yellowknife or Fort Smith or Hay River. They are saying that the rules change. They only change for those new boards that are to be established. If the other organizations do not want to change, then they are not going to arbitrarily change those rules. So could the Minister please justify why such an approach is being taken only in the Mackenzie Valley in the Western Arctic and why this approach is not going to be applied to the existing hospital boards?

MR. SPEAKER: Mr. Government Leader.

Return To Question 0318-88(1): Responsibilities Of Health Board In Inuvik Region

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. I welcome the chance again to try to clarify our intentions in this regard. First of all, we are giving program authority to the health boards that are being set up. They will have the authority to influence the quality of program delivery in all respects. In fact, Mr. Speaker, the level of authority that we are transferring to these regional health boards being formed is a model for the rest of the country. Nowhere else in the country, I believe, are health boards given such a broad program authority over such a wide range of health services.

Mr. Speaker, I have to ask the honourable Member: Does he wish us to set up governmentlike departments within the regional health boards in regions where we already have existing government departments providing these services? I would like to explain again, Mr. Speaker. We are giving the same authority to the proposed Inuvik regional health board as the Baffin Regional Health Board now has. What we are not providing, in the interests of saving public funds, is the same level of administrative support services. We are, however, providing the budget to deliver those administrative support services to the health board. So, Mr. Speaker, the Member is suggesting that we should be providing to these regional health boards the full range of program authority and administrative support services, initially. And that would result, in a period of a year or so, when we apply the transfer policy to those boards, in our discovering that there are significant savings to be realized by integrating those administrative services with our existing government departments which are already in place in the region. So would the Member have us spend millions of dollars hiring employees, leasing or building houses, leasing or building office structures that, upon the application of the policy, we are going to find we do not need? Money spent on administration that we believe could be better spent on preventive health services and the kind of program priorities that those boards will be identifying and will be expecting our government to identify resources to provide.

Mr. Speaker, I agree that in an ideal world, if we had the transfer policy in place, we would have applied the same standards to the Baffin Regional Hospital Board when it was set up and we would not have a department of finance of 18 person years for 200 people in the Baffin hospital, which is larger than the Department of Finance that we have in the region; which is probably larger than the Department of Finance the government has for Keewatin, Baffin and Kitikmeot Regions; which is larger than the department of finance that I have in my own Department of Education to administer a budget of \$120 million.

Mr. Speaker, if the Member is suggesting that we should be putting in place from here on in, boards with full-blown, independent, in-house, administrative services in finance, personnel and public works, not to mention legal services, interpreter training and purchasing, then I have to tell the honourable Member, it might be nice, but we cannot afford it. We want to put the money that we can save into health, into health priorities identified by those boards, Mr. Speaker. Thank you.

MR. SPEAKER: Oral questions. Mr. Nerysoo.

MR. NERYSOO: Thank you, Mr. Speaker. At no time have I risen in this House to suggest that we create new departments for these transfers.

HON. GORDON WRAY: Have you been saying that?

MR. NERYSOO: No, I have not said that. I have said that I want the same kind of responsibilities transferred. I have also indicated to the honourable Member that after the transfer takes place, they sit down and negotiate the appropriate arrangements. This is the only remaining region in which there is one hospital -- with the exception of Fort Simpson cottage hospital and in Rae, and that is gone already -- but this is the only regional hospital that is not being considered to have the same type of responsibilities that exist in other hospitals. I have no problems with the idea, Mr. Speaker, of government identifying areas where duplication can be addressed.

MR. BUTTERS: Hear, hear! Right.

Supplementary To Question 0318-88(1): Responsibilities Of Health Board In Inuvik Region

MR. NERYSOO: I have not said anything of that nature. What I am concerned about is the manner in which this government is dealing with the Inuvik Region and that hospital in not giving them the same types of responsibilities not only of your programs but also service delivery where that service delivery is associated to good program delivery. The government is not prepared to recognize that, and they are not prepared to also recognize previous arrangements. And I was very clear. So I will ask the Government Leader again whether or not he is prepared to reconsider and to accommodate the Inuvik Region and the Inuvik health board in assuring them that they are going to obtain the same types of responsibilities.

MR. SPEAKER: Mr. Government Leader.

Further Return To Question 0318-88(1): Responsibilities Of Health Board In Inuvik Region

HON. DENNIS PATTERSON: Mr. Speaker, perhaps now I understand where the Member is coming from a little bit. I think what the Member is telling me is that he is concerned that the jobs of existing employees of the Inuvik hospital may be jeopardized as a result of the application of the transfer policy. Mr. Speaker, I would like to make it very clear, as I thought I had stated yesterday, that in taking over the responsibility for the delivery of health services, we are going to be taking on all current employees who work for the federal government in the health system. We will be taking on people who work in the Inuvik hospital who are employed in maintenance, or in finance, or in purchasing or in any of the areas that the policy may apply to. No one will lose a job on April 1, or no one will not be offered a job on April 1st who is presently working in the system, even if they are working in areas that might be subject to the application of the transfer policy. We are going to take those employees on. We are going to, over a period of time, look at how we can in an orderly way make a transition between the existing employees of federal Health and Welfare and our own service departments in a way which does not result in layoffs; which will gradually integrate those departments through attrition.

Mr. Speaker, I would like to clarify again. The Member keeps harping on the lessening of authority. Mr. Speaker, I would like to assure the honourable Member that the new board being established in Inuvik will have the same program authority, the same ability to influence program quality and delivery that any other board in the NWT now has. The policy will not change that program authority. As far as service support is concerned, service departments of the government of the NWT will be simply that. They will simply be providing a service. The control will rest with the board. They will be able to hire and fire staff, decide what to purchase, decide what legal advice they need, decide when they need interpreting, decide when a building is in need of maintenance or repair. Those critical program decisions will be made with the board and there is no erosion of the program authority in the proposed board. They will obtain the same type of responsibility that other boards have.

I do not think I can state it any more clearly than that, Mr. Speaker. And I will be happy to provide those assurances, or the Minister of Health will be happy to provide those assurances, when the new board is established and in the process of discussing the duties of that board once it is set up. Thank you.

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

Question 0319-88(1): Status Of GNWT Power Plant, Sanikiluaq

MR. CROW: Thank you, Mr. Speaker. I have a question of the Minister responsible for Energy, Mines and Resources. My question is regarding the diesel power plant in Sanikiluaq. One of my constituents is concerned. My information is that the power plant in Sanikiluaq is owned and operated by the Government of the Northwest Territories as of now and it is run by the DPW.

The question is, when the NCPC transfer comes into effect, if it is approved by this House, what will become of the power plant in Sanikiluaq? Will it be part of the NCPC? Thank you, Mr. Speaker.

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

HON. NELLIE COURNOYEA: Mr. Speaker, that particular issue was brought to the attention of the Northwest Territories government approximately two months ago, or a little over two months ago, and at that time because it is a territorial government operation, the Department of Public Works will be best equipped to deal with that situation. I did indicate to the Northern Canada Power Commission that they should attempt to deal with that particular issue, so, Mr. Speaker, I believe that at this time and in the throes of the transfer, the Minister of the Department of Public Works would be the best one to deal with that particular question.

MR. SPEAKER: Mr. Wray.

Return To Question 0319-88(1): Status Of GNWT Power Plant, Sanikiluaq

HON. GORDON WRAY: Thank you, Mr. Speaker. Over the last several years, several attempts have been made by Public Works and Highways to transfer this facility to NCPC. NCPC has always been very reluctant to take over the plant for many reasons. One was the need to upgrade the plant. The

plant was built at a time when the demand for power was much lower than it is now and our facilities are fairly barebones and we are having some trouble in terms of keeping up with the growth of the community. However, in January of this year my officials reopened discussions with NCPC on the takeover of the power plant and we are in the process of preparing some proposals for submission to the Financial Management Board on the upgrade of that power plant, at which point in time I think probably a satisfactory agreement may be in the works with NCPC. However, that is where it is right now. Public Works is preparing an FMB submission for some upgrading work and once we see the status of that submission then we will be in a better position to advise the Member of whether or not NCPC is going to take the plant over. Thank you.

MR. SPEAKER: Thank you, Mr. Wray. Supplementary, Mr. Crow.

Supplementary To Question 0319-88(1): Status Of GNWT Power Plant, Sanikiluaq

MR. CROW: Yes, Mr. Speaker. The question is, if NCPC takes over our power plant, will the power rates go up, and by how much? Thank you.

MR. SPEAKER: Madam Minister.

HON. NELLIE COURNOYEA: Mr. Speaker, at this early stage I would like to take that question under advisement.

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

Question 0320-88(1): Separate Health Boards For Dogrib And Deh Cho Regions

MR. ZOE: Thank you, Mr. Speaker. My question is for the Minister responsible for Health. Just currently they have been discussing the role of regional boards. I would like to ask the Minister, with this talk about regional boards, is the region that I am representing, the Dogrib region, going to have its own regional board or are we going to be lumped in with the Deh Cho region to create a regional board? I understand that there is talk from both regional councils that they want to form their own regional boards. Thank you.

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

Return To Question 0320-88(1): Separate Health Boards For Dogrib And Deh Cho Regions

HON. NELLIE COURNOYEA: Mr. Speaker, these discussions have been ongoing and it is the anticipation of the Department of Health to try to accommodate the two different groups who wish to work as separate boards. Presently the Department of Health is attempting to negotiate with the federal Minister responsible, as we had indicated to him previously that even though we may attempt to bring the two groups of people together, it may not be possible. So, Mr. Speaker, this morning a letter was expedited from the department to the Hon. Jake Epp, indicating that the two regions would request that two boards be formed and that the funding arrangements between the federal and the territorial governments should be adjusted to accommodate the two boards.

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

Question 0321-88(1): Families Moving From Grise Fiord To Northern Quebec

MR. PUDLUK: (Translation) Thank you, Mr. Speaker. My question is directed to the Government Leader. I have a concern regarding the return of the people who were shipped to Grise Fiord originally from Quebec. There are several families that are planning to return to their own region but information has not been made definite as to how many of the families will be travelling. Could the Government Leader perhaps indicate as to any kind of information he might have received from the federal government, including the number of the families and when the transfer is scheduled to take place? Thank you.

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

Return To Question 0321-88(1): Families Moving From Grise Fiord To Northern Quebec

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Mr. Speaker, I have not yet received information from the federal government on precisely how many people are expected to return other than what I have read in the press. I had asked the Baffin regional director to travel to Grise Fiord recently

to see, first-hand in the community, what he could find out about precisely how many people were planning to leave because as I understand it, Mr. Speaker, the federal government offer is to provide assistance which is fairly open-ended. In the current fiscal year, up to the end of March, the sum of \$50,000 has been set aside to provide for travel costs and the like; in the coming fiscal year, 10 housing units and moving expenses have also been approved which would suggest that it would allow up to 10 families from Grise Fiord and Resolute Bay to move.

Mr. Speaker, unfortunately because of weather problems it was not possible for the Baffin regional director to make it directly to Grise Fiord. He did attempt to find out through means of a telephone communication with Grise Fiord precisely how many people were at the recent moment planning to leave. The best information that he could obtain as of a few weeks ago was that at the moment only about 17 people, representing three families, were definitely planning to leave to resettle in Northern Quebec and that some members of some families might be planning to relocate elsewhere in the Baffin Region. That is very preliminary information, Mr. Speaker.

As the Member knows, Mr. Wray and I are planning to visit Grise Fiord this spring to consult directly with members of that community and the community of Resolute Bay, as well, so that we can get a firm handle on precisely how many people are planning to leave. I believe, Mr. Speaker, that a number of people are still making up their minds and there is fair amount of indecision and uncertainty at the moment in those two communities. We hope that by the time we visit we will have a fairly clear idea of exactly how many people might be proposing to leave and then we can get about the business of properly planning for the future requirements of those communities, both in education and in other facility requirements based on a fairly certain knowledge of what size those two communities might be in future. So that is the best information that I have at the moment, Mr. Speaker. We will keep trying to get information from the federal government and, I think even more important, from direct visits to the communities to get more precise information. Thank you.

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

Supplementary To Question 0321-88(1): Families Moving From Grise Fiord To Northern Quebec

MR. PUDLUK: (Translation) Thank you, Mr. Speaker. I like the reply I got from the Government Leader. Also, I am not trying to stop the people who would like to move back to Northern Quebec. However, I have a concern. When Tungavik Federation and the federal government started working on this initially, I wanted the territorial government involved with the negotiations. The two communities, Grise Fiord and Resolute Bay, have been supported by the territorial government. I think we were supposed to look into that when they started the initial talks. I think that the territorial government should have been involved because we should have found out if the families who are moving back to Northern Quebec were going to be looked after, so that we would not have to worry about these people who move back to Northern Quebec. I was really concerned about this. Perhaps the Government Leader, as soon as possible, could ask the Minister of Indian and Northern Affairs if they could update him on the progress of this. Thank you.

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

Further Return To Question 0321-88(1): Families Moving From Grise Fiord To Northern Quebec

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. I have already made known my feelings on this to Mr. McKnight. I do believe that Mr. McKnight did intend our government and indeed the MLA for High Arctic to have been consulted in these important decisions that are now being made. However, I blame paternalistic officials in the Department of Indian and Northern Affairs who have forgotten that there is a government in place which has presently a major responsibility for those communities. So, Mr. Speaker, I will do as the Member asks and request current information from the Minister of Indian Affairs on precisely what undertakings are being made and what commitments are being made to residents of Grise Fiord and Resolute Bay.

I would like to just point out that the other omission, in my view, is that to my knowledge the Tungavik Federation of Nunavut which has an unsettled claim in that area, was not involved in the negotiations. It was the Makivik Corporation of Northern Quebec. So not only was our government not consulted but the aboriginal organization which is negotiating a land claims settlement in that area was also left out. So this has been a sad story of non-involvement by organizations which should be most involved. I think that having informed the residents of Grise Fiord that we have a

concern about the future of that community and that we have a big stake in that community and that we are concerned about its future, residents of that community and the local government of that community are now recognizing that decisions made by our government are perhaps more important than negotiations certain members of their community might have been having with the federal government. So I think we have established a good understanding with the hamlet council and we will now attempt to obtain the information the Member suggests and perhaps at some point in the future, we will be able to convene a meeting of all the interested parties in this matter so we can assure the continued survival and prosperity of those two communities. Thank you, Mr. Speaker.

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

MR. PUDLUK: I am sorry, it is my mistake. It was not the Tungavik Federation; the Minister is correct, it is the Makivik Corporation not the Tungavik Federation. If you translate "tungavik" into Inuktitut it means "to settle down". The Grise Fiord residents want to settle down, that is why they are using "tungavik". I just wanted to correct that, it got mixed up in the translation. Thank you.

MR. SPEAKER: Thank you, Mr. Pudluk for the clarification. It is noted. Oral questions. Mr. Gargan.

Question 0322-88(1): Foster Homes, Yellowknife

MR. GARGAN: Mr. Speaker, I would like to direct my question to the Minister of Social Services regarding foster homes. Presently in Yellowknife there are 33 young people living in foster homes of which 95 per cent are native people. Out of the 33 only three of them are actually living with native families, the other 30 are living with non-native families. The situation, too, is that most of these people who offer foster homes own their own homes or are in private accommodation. The situation right now is that people living in low rental houses or subsidized houses are not allowed to take in children because it would mean extra income, I believe \$600 extra for these people taking in a foster child. I would like to ask the Minister of Social Services whether or not there have been any discussions with the Housing Corporation with regard to people living in low cost housing or public housing taking in children. I also understand the way the rules now apply, that if you go above a certain income level, you are not allowed to be in public housing too.

MR. SPEAKER: Madam Minister.

Return To Question 0322-88(1): Foster Homes, Yellowknife

HON. JEANNIE MARIE-JEWELL: Thank you, Mr. Speaker. I have had some discussions regarding foster payments and foster parents who are living in public housing units. As far as I am aware, if I recall correctly, foster payments are not to be included as income to people in public units. I can confirm this with the Minister of Housing regarding the policies that they stipulate for clients in public housing and will advise the Member.

MR. SPEAKER: Thank you, Madam Minister. You are taking part of the question as notice. Mr. Gargan.

Question 0323-88(1): Legal Protection In Private Adoption

MR. GARGAN: I would like to direct a different question to the Minister of Social Services and it is with regard to young teenagers who are pregnant and go to the hospitals. In a lot of cases these young people are not told of the consequences if they go through a private adoption, and what the implications are. Not only that, but also as far as a native teenager goes, if they go through private adoption the situation is that perhaps the young child, although it is native, does not retain its status as a native person. I believe as far as that process goes, the government really does not have too much to say. So it comes to the question of whether or not there is any protection for the young teenager and even for the child, whether there is protection under the existing laws with regard to adoptions, especially if it is a private adoption. It is difficult to say whether the individual retains his right as a status person or not. So I would like to get some clarification from the Minister whether or not there are protection mechanisms in place right now with regard to that type of an adoption and whether or not the child retains his status or whether he is being protected under any kind of law.

MR. SPEAKER: Madam Minister.

HON. JEANNIE MARIE-JEWELL: Thank you, Mr. Speaker. In regard to outright adoption, I would like to refer this to the Department of Justice. I am sure that it is common knowledge when a woman does decide to give up her child for adoption, that there are many regulations and stipulations imposed when an adoption does take place. I understand the honourable Member's concern regarding retention of status or other factors that he may have considered. I do not know how Justice does this, therefore I would like to take time to consult with the Minister of Justice.

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

Question 0324-88(1): Counselling Services To Young Pregnant Teenagers

MR. GARGAN: I would also like to ask the Minister whether or not, presently, when a young teenager is pregnant, the department has some kind of support system in place that deals with this individual who is going through a very dramatic ordeal before and after birth. The consequences of bringing a person into this world bring certain responsibilities, whether or not the young person is aware of it in bringing a person up in the world. Even if they have gone through the adoption process, the young person also still has the difficulty of losing a child they have just given birth to. Is there anything presently in place that would comfort the individual who is going through this very difficult time? I understand there is nothing in place right now that addresses that particular situation. I believe once a young girl gives up a child for adoption, she is left without any support. I would like to ask the Minister whether or not before or after birth there are any kind of support mechanisms in place to deal with this situation that a young person has to go through.

MR. SPEAKER: Madam Minister.

Return To Question 0324-88(1): Counselling Services To Young Pregnant Teenagers

HON. JEANNIE MARIE-JEWELL: I would like to assure the honourable Member that counselling services are available on referral through my department in the event that the identified individual the honourable Member may be speaking of is a client of the department. There are programs in place that can be referred to from a social worker's point of view for a client, through the department, in the event it is required.

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

MR. GARGAN: I understand that the Department of Social Services does have certain obligations toward social assistance recipients and generally the social issues in the communities, but I believe that although the program is there, it is not reaching the people it was meant to serve. A good example is when a child is brought into custody because of neglect or whatever the situation which forces the social worker to take the child away. When it comes down to appearing in front of the court, the parent does not always know the legal implications of why this child is being taken. There is nothing in place except that for five minutes before the child or parents appear, the lawyer speaks to them. That does not really give them any option of whether it is parent custody agreement or whether the Department of Social Services takes the child and puts them in a home. What are the consequences of those legal actions being taken? I thought I would just make that general comment.

MR. SPEAKER: Mr. Gargan, do you have a question? This is not the time for general comments. Could you give a little question please? Oral questions. Item 5, oral questions.

Item 6, written questions.

Item 7, returns to written questions.

Item 8, replies to Opening Address.

Item 9, petitions.

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

ITEM 11: TABLING OF DOCUMENTS

CLERK OF THE HOUSE (Mr. Hamilton): Mr. Speaker, in accordance with Rule 57(10), responses to the following petitions have been received. Tabled Document 110-88(1), response to Petition 1-88(1) on the Chesterfield Inlet hockey arena and curling rink, tabled by Mr. Ernerk to the Minister of Municipal and Community Affairs; Tabled Document 111-88(1), response to Petition 2-88(1), on the Spence Bay community hall and arena, tabled by Mr. Angottitauruq to the Minister Of Muncipal and Community Affairs; Tabled Document 112-88(1), response to Petition 3-88(1), petitioned by Mr. Crow, to the Minister of Municipal and Community Affairs, on the Sanikiluaq hockey arena.

MR. SPEAKER: Thank you, Mr. Clerk. Item 11, tabling of documents. Ms Cournoyea.

HON. NELLIE COURNOYEA: Mr. Speaker, I wish to table Tabled Document 113-88(1), a press release concerning the agreement in principle for sale of NCPC to the GNWT and the Principles Governing the Sale and Transfer of the Northern Canada Power Commission to the Government of the Northwest Territories. Thank you.

MR. SPEAKER: Thank you, Ms Cournoyea. Tabling of documents. Item 12, notices of motion. Mr. Butters.

ITEM 12: NOTICES OF MOTION

Notice Of Motion 19-88(1): Tabled Document 113-88(1) To Committee Of The Whole

MR. BUTTERS: Mr. Speaker, I give notice that at the appropriate time I will move that the press release and the Principles Governing the Sale and Transfer of Northern Canada Power Commission to the Government of the Northwest Territories be moved into committee of the whole for consideration with Bills 20-88(1), 6-88(1) and 11-88(1) and that translation into syllabics be effected with all reasonable dispatch.

MR. SPEAKER: Thank you, Mr. Butters. Notices of motion. Item 13, notices of motion for first reading of bills. Mr. Patterson.

ITEM 13: NOTICES OF MOTION FOR FIRST READING OF BILLS

Notice Of Motion For First Reading Of Bill 31-88(1): Supplementary Appropriation Act, No. 1, 1988-89

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. In Mr. Ballantyne's absence I give notice that on Thursday, March 31, 1988, I shall move that Bill 31-88(1), An Act Respecting Supplementary Appropriations for the Government of the Northwest Territories for the Fiscal Year Ending March 31, 1989, be read for the first time. Thank you.

MR. SPEAKER: Thank you, Mr. Patterson. Notices of motion for first reading of bills. Item 14, motions. Mr. Butters.

MR. BUTTERS: Mr. Speaker, I wonder if I might have unanimous consent to give the motion that I gave notice of a few moments ago.

MR. SPEAKER: Unanimous consent being sought. Do I hear any nays? There are no nays. Mr. Butters, go ahead.

ITEM 14: MOTIONS

Motion 19-88(1): Tabled Document 113-88(1) To Committee Of The Whole, Carried

MR. BUTTERS: Mr. Speaker:

I MOVE, seconded by the honourable Member for Yellowknife South, that the press release and the Principles Governing the Sale and Transfer of the Northern Canada Power Commission to the Government of the Northwest Territories be moved into committee of the whole for consideration with Bills 20-88(1), 6-88(1) and 11-88(1) and that translation into syllabics be effected with all reasonable dispatch.

Thank you.

MR. SPEAKER: Mr. Butters, could I have a clarification? Was that Bill 26-88(1)? That is to be Bill 20-88(1), is that correct?

MR. BUTTERS: That is correct, Mr. Speaker. I took the liberty of including Bills 6-88(1) and 11-88(1), as I assume the government will be giving second reading to those bills today.

MR. SPEAKER: Thank you, Mr. Butters. Bill 20-88(1), Bill 6-88(1) and Bill 11-88(1). To the motion. Mr. Butters. The Chair recognizes that there is no quorum to take a vote. Mr. Sergeant-at-Arms, would you please ring the bells? To the motion. Question is being called. All those in favour? Opposed, if any? The motion is carried.

---Carried

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

ITEM 15: FIRST READING OF BILLS

First Reading Of Bill 21-88(1): Northwest Territories Public Service Association Act

HON. GORDON WRAY: Thank you, Mr. Speaker. Mr. Speaker, I move, seconded by the honourable Member for Nunakput, that Bill 21-88(1), An Act to Amend the Northwest Territories Public Service Association Act, be read for the first time.

MR. SPEAKER: Thank you, Mr. Wray. The motion is in order. To the motion.

AN HON. MEMBER: Question.

MR. SPEAKER: Question has been called. All those in favour? Opposed, if any? The motion is carried.

---Carried

First reading of bills. Mr. Wray.

First Reading Of Bill 23-88(1): Public Service Act

HON. GORDON WRAY: Mr. Speaker, I move, seconded by the honourable Member for Iqaluit, that Bill 23-88(1), An Act to Amend the Public Service Act, be read for the first time.

MR. SPEAKER: Thank you, Mr. Wray. The motion is in order. To the motion.

AN HON. MEMBER: Question.

MR. SPEAKER: Question has been called. All those in favour? Opposed, if any? The motion is carried.

---Carried

Item 16, second reading of bills. Mr. Patterson.

ITEM 16: SECOND READING OF BILLS

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

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Again, on behalf of Mr. Ballantyne, I move, seconded by the honourable Member for Nahendeh, 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 second time. The purpose of this bill, Mr. Speaker, is to authorize the Commissioner, or the Minister acting on his behalf, to make loans to municipalities for municipal purposes and to the Northwest Territories Power Corporation for territorial purposes during the fiscal year ending March 31, 1989.

MR. SPEAKER: Thank you, Mr. Patterson. The motion is in order. To the principle of the bill. Question has been called. All those in favour? Opposed, if any? Bill 6-88(1) has had second reading.

---Carried

Second reading of bills. Mr. Patterson.

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

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Again, on behalf of Mr. Ballantyne, I move, seconded by the honourable Member for Nahendeh, 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 second time. The purpose of this bill, Mr. Speaker, is to provide authority to the Commissioner, or the Minister acting on his behalf, to borrow on behalf of the Government of the Northwest Territories for territorial purposes in the amounts set out in the schedule and to provide the authority for temporary borrowing to ensure that the consolidated revenue fund will be sufficient to meet lawfully authorized disbursements. Thank you.

MR. SPEAKER: Thank you, Mr. Patterson. The motion is in order. To the principle of the bill. Question has been called. All those in favour? Opposed, if any? Bill 11-88(1) has had second reading.

---Carried

Second reading of bills. Mr. Patterson.

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

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Again on Mr. Ballantyne's behalf, I move, seconded by the honourable Member for Nahendeh, 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 second time. The purpose of this bill is to make interim appropriations for the Government of the Northwest Territories for the fiscal year ending March 31, 1989.

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

SOME HON. MEMBERS: Question.

MR. SPEAKER: Question is being called. All those in favour? Opposed, if any? The motion is carried. Bill 29-88(1) has had second reading.

---Carried

Mr. Clerk, Bills 6-88(1), 11-88(1) and 29-88(1) are 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; Bill 25-88(1); Bill 7-88(1); Bill 20-88(1); Bill 6-88(1); Bill 11-88(1); and Bill 29-88(1), with Mr. Zoe 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; TABLED DOCUMENT 113-88(1), PRESS RELEASE AND PRINCIPLES GOVERNING THE SALE AND TRANSFER OF THE NORTHERN CANADA POWER COMMISSION TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES

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

CHAIRMAN (Mr. Zoe): The committee will come to order. We are dealing with Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act.

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

Yesterday we concluded with a motion on the floor, proposed by Mr. Lewis. For the record I will read the motion out again: "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'." To the motion. Mr. Lewis.

MR. LEWIS: Mr. Chairman, I believe that at the end of our proceedings yesterday I was in the middle of a concluding statement on this particular issue. It was the expectation after that that there would be some vote on this. I would like to go briefly back to the questions that led to my making this proposed amendment yesterday. I would like to present it in the context of the thinking that went into the transfer of this corporation to the NWT. Yesterday I asked several questions about what this government stands for or what we are supposed to interpret many of its actions to mean. I asked the Government Leader, for example, when he distributes stuff around the place, whether that means that the government should be in control of things. He quite rightly pointed out that the issue of distributing things all over the place is only one of the principles behind what we call socialism.

Another principle though, Mr. Chairman, is that socialistic regimes, for all the great things about them, have one other factor that is also very significant and that is the idea of wanting to control everything, of having everything under your control; government control of everything. That is another principle.

Proposal In Conflict With Arm's Length

So when I looked at this clause, Mr. Chairman, it seemed to me that so many things in this act put the GNWT really in the driver's seat. And when I pursued the question about privatization, I was given the answer, yes, that is the general direction, that that is the process that we are beginning here. So that is why when we were pursuing this issue about how much control does the government want, it seemed to me to be in conflict, if you like, with this proposal to develop an arm's length that is separate from government. That is not a part of government but separate from it. This seemed to be doing the opposite to that. In fact what this act does is to create a corporation that is like a government department. It could just as easily be called the department of power, the power department. The way in which corporations are usually developed at arm's length from the government means that they develop a life of their own, but subject to different regulations.

If you recall, the Minister pointed out that the main principle behind this transfer was that it would be responsive. Well, the only responsiveness I can see in this change, Mr. Chairman, is responsiveness to the Minister, what the Minister wants. That is the only responsiveness I see in this particular change and the way in which this is being established. However, I have had a lot of time to think since last night, Mr. Chairman, about this principle, about the kind of control that is being put on the development of what is supposed to be an arm's length agency from government. What made me concerned and suspicious was the fact that for a year and a half, this agency, this corporation will be really subject only to a Minister of government. When I dug further and wondered why is it that we do not have this Public Utilities Act in place so that we would have another regulatory body to decide how things would be done, I thought about it a lot and examined all these issues. I thought, well, probably the argument used by the Minister that time would not be on the side of government was probably the right one. There was nothing hidden. They were not trying to just push something through without having a regulatory body in place to do the work.

So I decided to give my suspicious mind a rest last night. Instead of pursuing this business of making this change so that the Minister would not be breathing all over it and leaving fingerprints all over everything that this corporation does and having given some more thought to it, it strikes me, Mr. Chairman, that one of the things that is important is that the major investors, the shareholders, if you like, of this government, cannot let it be too far away from the major decision-making. And I understand that fully. When you have Crown corporations you have ones that can be a long, long way away and you can have some that have to be closer. For those closer ones normally a Minister, or a senior person in government, would want to have some say in how that board would be managed. It is not the perfect solution but I can understand the reason for that.

Minister Would Choose Chairman, Vice-Chairman And Head Of Operations

But what I cannot understand, Mr. Chairman, is that what we have here is the Minister not only choosing the chairman of the board and the vice-chairman of the board, but also choosing the person who is going to run the operations of the corporation. That seems to me to be carrying it too far, to have all these people all chosen by one person. And it is at variance, at odds with the idea of developing something that is away from government. One of the things I am committed to, Mr. Chairman, is to try to see what things do not have to be part of government, what things could be separated from government without hurting people in the NWT and providing some kind of impetus for the private sector. So that was the reason why I tried yesterday to introduce a little amendment that would give this board maybe a little bit more of a life of its own. Because the way things are written here, it is too much like a little puppy that really does not have much clout, where the Minister chooses the chairperson, the vice-chairperson, and the head of the organization to run it.

So having made these comments, Mr. Chairman, to this amendment, in conclusion, I would like to withdraw the amendment. Not because I want to retreat from my principle but I would like the Minister to give some thought and maybe somebody else will pick it up, that it is not right, that having set up this corporation, the corporation has no real life of its own. They cannot even choose the chief operating officer to run that corporation. And every other one I looked at last night. At least when you set up a corporation, the board must say, "This guy here that runs this place is accountable to us. We are the board. We are the authority. We report through a Minister to the Assembly, but to all intents and purposes we are the legal body to run this corporation. And to the person that we hire to run the place, to make it run well, we want to have some say in how that place is run." So, Mr. Chairman, I will withdraw the amendment, but leave that thought with other Members who may want to pursue it. Thank you.

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

CHAIRMAN (Mr. Zoe): Thank you, Mr. Lewis. Mr. Lewis, I am having a little difficulty with you withdrawing your motion. In formal session what would usually happen is that you cannot withdraw the motion once it is debated. But in this case, I would have to ask the committee of the whole for unanimous consent to withdraw Mr. Lewis's motion. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Clause 8. Mr. Butters.

Appointment Of President

MR. BUTTERS: To follow up on comments made by the Member for Yellowknife Centre. I know the Minister has listened closely to the comments made by Mr. Lewis and I refer her to page 3b, clause 12, section 10.1. I think Mr. Lewis alluded to this clause which is part of the current act that is being amended but is not up for amendment at the present time. I wonder if the Minister could see her way clear to having that particular clause amended so that there shall be a president appointed by the board and approved by the Minister. Could she look at living with that situation which would give the board the responsibility that Mr. Lewis has said should be theirs and give to the Minister the responsibility which Members would feel should be the Minister's?

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

HON. NELLIE COURNOYEA: Mr. Chairman, that was my intent in the first place and one of the reasons that I have attempted to locate a board that would serve the corporation and the residents of the Northwest Territories. I hope that by tomorrow evening I will have secured all the necessary documentation on these individuals. It was my intent that I would not move ahead in selecting or recommending a president of the organization until the board was in place in order to have their involvement because I know that, in terms of the everyday operation of the organization, if we want the board to be effective and to take their respective role, that the president should have at least their recommendation and input to be able to have that type of relationship to the board.

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

MR. BUTTERS: Well, I welcome the Minister's response to the effect that the new board would make a recommendation but that is not exactly what I asked. I asked whether she would be willing to bring back this particular piece of legislation which is not in the act as it presently is constituted but bring it back as amended to read "There shall be a president appointed by the board and approved by the Minister." That is what I am asking. If she could see her way clear to add that to the current bill that is before the House?

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

HON. NELLIE COURNOYEA: Mr. Chairman, I do not see a difficulty with that but I would like to take a couple of minutes to check with my officials and have the officials here and perhaps if there is a coffee break, I can answer that in an affirmative way after the coffee break.

CHAIRMAN (Mr. Zoe): Thank you. Final question. We are under clause 8. I realize, Mr. Butters, you are asking general questions here but we are dealing specifically with clause 8. For this instance, since you have questioned the Minister and I let it go, I will continue letting it go for a little while. Mr. Butters.

MR. BUTTERS: Mr. Chairman, I do not think there is any immediate need to respond. I think the Minister can take as much time as she requires to research the matter and if the suggestion is reasonable and positive then I am convinced that she will bring back an amendment to the act, if she feels that it is desirable.

CHAIRMAN (Mr. Zoe): Thank you. Clause 8. Mr. Richard.

MR. RICHARD: Mr. Chairman, I have now received from Ms Cournoyea and her officials a copy of the press release and a copy of the agreement in principle and I hope that as we proceed with the bill -- or perhaps we can go back to general comments, I have a couple of questions arising out of the agreement in principle. I have not yet finished reading it.

Mr. Chairman, I repeat again what I said yesterday, I am concerned about the rush, going through this bill. I specifically, over the weekend, put a copy of the draft Bill 20-88(1) in the hands of some constituents, in particular a representative of the Consumers' Association who have been asking me for this documentation for over a month. It was not until Friday afternoon that the document became public and I could do that. I have been asked today to give them another day to provide some input to me as an MLA. If we proceed through, Mr. Chairman, clause 8 and clause 9 and we agree and I am provided with some comment on the bill that is pertinent -- and I have to tell you that there are people within the Consumers' Association, even in the branch in Yellowknife, who are much more knowledgeable about utilities and their effect on consumers than I am -- I want the opportunity to have their input. It may be that they will give carte blanche approval to Bill 20-88(1) to me but I would like, Mr. Chairman, to have the opportunity tomorrow to move amendments if necessary on any of these clauses.

Motion To Delay Agreement On Bill 20-88(1) Until March 30, 1988, Carried

So with that in mind, Mr. Chairman, I have a motion I wish to make. I move that this committee continue to examine and discuss the detail of Bill 20-88(1) but that the chairman not ask for final agreement on any clause of the bill until Wednesday, March 30, at the earliest. March 30th is tomorrow. Thank you.

CHAIRMAN (Mr. Zoe): Thank you, Mr. Richard. Mr. Richard, your motion is in order, but I would have preferred that you would have put forward this particular motion yesterday rather than today because we have already started clause by clause and it was agreed by the committee as a whole to go clause by clause. But you have a motion on the floor that I rule in order. To the motion. Question has been called. All those in favour? Opposed, if any? The motion is carried.

---Carried

With that the Chair would like to take a few minutes for coffee break.

---SHORT RECESS

CHAIRMAN (Mr. Zoe): Madam Minister, would you like to bring in your witnesses at this time? We will be discussing the details of Bill 20-88(1) and we will go through the bill but there will be no voting on clauses. We are going into general discussion in conjunction with the statement, the news release that you have given to the Members on the NCPC matter. Agreed? Madam Minister.

HON. NELLIE COURNOYEA: Yes, Mr. Chairman, it is my understanding from a motion that was passed earlier that the desire of Mr. Richard is that we proceed with the bill but in the end we do not pass a motion to accept the bill to allow for some consideration tomorrow. That would possibly have the effect of going back on certain areas if he so wishes. That is my understanding.

Mr. Chairman, I would wish to bring in witnesses, Mr. Nielsen and Ms Bentivegna.

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

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Does the committee agree that we go back to clause 1 and go through or continue on from where we left off? Mr. Richard.

MR. RICHARD: Mr. Chairman, I would like the committee to return to clause 7 which, as you recall, we deferred yesterday. I wanted time to get a motion together to change the objects of the corporation. I am wondering if I could do that now at this time, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Agreed. Back to clause 7. Mr. Richard.

MR. RICHARD: Mr. Chairman, I take it that you are still going to allow motions to amend the various clauses but that the final vote on each clause will not be taken until tomorrow. Is my understanding correct, Mr. Chairman?

CHAIRMAN (Mr. Zoe): That is my understanding, Mr. Richard. That we can proceed and put motions in the various clauses but the final vote will not occur until tomorrow as your motion indicated. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I would assume that even though we are going through this process, the only things that we revisit tomorrow are these particular areas that might be identified by the various Members. Is that correct, rather than going again all through the bill tomorrow if it is not necessary?

CHAIRMAN (Mr. Zoe): Madam Minister, that is not my understanding. My understanding is that we are just going to discuss the details of the bill and we can make motions once we are going to continue on, clause by clause, but there will be no vote. So tomorrow, whoever takes the chair would start from clause 1 again and will do the actual voting on each clause. Mr. Richard.

Motion To Amend Clause 7, Bill 20-88(1), Carried

MR. RICHARD: Thank you, Mr. Chairman. With respect to clause 7, sir, I wish to make a motion. I move that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act, be amended by adding immediately after the word "energy", on line three of paragraph 4(a) of clause 7 the words, "on a safe, economic, efficient and reliable basis"; and further that the word "and" after paragraph 4(b) be deleted; and further that paragraph 4(c) of clause 7 be deleted and a new paragraph 4(c) be substituted as follows: "(c) to ensure a continuous supply of energy adequate for the needs and future development of the Territories; and". Further, that paragraph 4(d) be added as follows: "(d) to undertake any other related activity authorized by the Executive Council". Mr. Chairman, I believe you have a copy of the motion, thank you.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Richard, your motion is in order. To the motion.

MR. RICHARD: Mr. Chairman, yesterday I pointed out that there was change in section 4 when section 4 was passed in 1986 and the draft Bill 20-88(1) in front of us deleted these two particular objects. Upon inquiry with the Minister she indicated she had no particular problem with reinstating those two desirable objects of the new power corporation. So with that, Mr. Chairman, I would ask Members to support reinsertion of these two desirable clauses, thank you.

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

MR. GARGAN: Mr. Chairman, the amended motion of clause 7 is now in our booklets. Well, it is in the motion but it is not in the bill yet.

CHAIRMAN (Mr. Zoe): We have a motion on the floor, Mr. Gargan. You have a copy in front of you I believe. To the motion. Question is being called. I do not have a quorum. Sergeant-at-Arms, would you ring the bells please?

I call the committee back to order. We have a motion on the floor. Question is being called. All those in favour? All those opposed? Motion is carried.

---Carried

Thank you. We are still on clause 7. The Chair would appreciate it if Members would stay in the House so that business of the committee can proceed nice and smoothly. Thank you.

MR. BUTTERS: Thank you, Mr. Chairman. I support your direction to the committee as well. On clause 7, yesterday, I raised a question regarding paragraph 4(c) and specifically the words "related activity". Did I get a satisfactory answer on that? It does mean research and all that good stuff does it, Mr. Chairman?

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Yes, Mr. Chairman, it does mean that as it relates to the related activities of the corporation.

CHAIRMAN (Mr. Zoe): Clause 7. Any further comments on clause 7 as amended? Mr. Gargan.

MR. GARGAN: Mr. Chairman, I realize I am going to be voting on these clauses only tomorrow but I would presume that those different clauses that have been voted on and amended would be in our books by tomorrow. Will they be?

CHAIRMAN (Mr. Zoe): Mr. Gargan, the Chair will take that advice to have it available in your books for tomorrow. Clause 7, as amended. Any further comments? Does the committee agree we proceed to clause 8? Mr. Butters.

Qualifications Of Members Of The Board

MR. BUTTERS: Mr. Chairman, one of the problems in dealing with this amendment is that we do not have the original bill for comparison. We have to rely on the descriptions contained on the right hand side of the page. Although we are referring to the board of directors here in clause 8, I would like to determine whether or not there is any requirement to have expertise on the board of directors. Is there a requirement that a member who sits, or two members who sit, would be familiar with the power generating industry?

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

HON. NELLIE COURNOYEA: Mr. Chairman, there is no requirement in this bill and like anyone else appointing a board of directors, we would certainly look to putting people with expertise on the board of directors. But to have it outlined in here, that is not done but it is expected in putting together the board that we would seek out special expertise.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 8? Does this committee agree to move on to clause 9? Clause 9. If there are no further comments on clause 9, clause 10. Mr. Richard.

MR. RICHARD: Could I ask for an explanation as to why clause 10 is necessary? Obviously section 7 was passed in June 1986. It would seem it was necessary then. Why is it not necessary now?

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

MS BENTIVEGNA: Mr. Chairman, we are speaking about section 7 being repealed. It was felt that it was being overly clear and therefore it was redundant because we do say that they have to have a quorum. This was just to state that if there was a vacancy that it would not impair the right to act, but as long as they have a quorum they can continue their business, so that is why it was repealed this time.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 10? If not, does the committee agree we continue on to clause 11?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Zoe): Clause 11. If there are no further comments then we will continue on to clause 12. Mr. Richard.

MR. RICHARD: Clause 12, Mr. Chairman, the effect would appear to be that the president is still to be appointed by the Minister. But since we are repealing subsections (3) and (5) of section 10, do I take it that the effect of this then is that the president, like other employees of the new power corporation, is going to be a public servant to whom the Public Service Act applies?

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

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

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

MR. RICHARD: Mr. Chairman, the change in subsection (4) where it had previously stated "The president is the chief executive officer of the corporation and shall, on behalf of the board, supervise, manage and direct the business of the corporation...." Why are we deleting the expression "on behalf of the board"? I appreciate that you are still leaving in there "in accordance with the direction of the board" but why was "on behalf of the board" included in 1986 and now being deleted?

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

Change Reflects New Relationship

MS BENTIVEGNA: The change was made because of the changing relationship now. Before, the president was a member of the board and was also the chairperson of the board and now he is no longer that. So that is why he will not really be acting on behalf of the board but as an employee.

CHAIRMAN (Mr. Zoe): Thank you. Clause 12. Any further comments? Mr. Richard.

MR. RICHARD: Mr. Chairman, I am sorry. I cannot recall, but where was Mr. Lewis's and Mr. Butters' point with the Minister left on the appointment of the Minister? I appreciate there is a change in here. Instead of having a president and chairman of the board, we are going to have two people; a chairman of the board and a separate person as the president. But under these amendments back in clause 8, to section 5, on the role of the board, we are removing the verbs "supervise" and "manage". The board is now to "direct" the business of the corporation and yet the president is to "supervise, manage and direct" in accordance with the board's direction. My concern is, is this a Minister-run president or a board-run president?

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

MR. NIELSEN: Mr. Chairman, in drafting this legislation, because of the fact that the relationship of the president and the board changes, we are taking out words. For example in the old section 5(3), "The board shall supervise, manage and direct", it was felt at the time that that was put in that it was probably appropriate because at that time the president was the chairman of the board and had responsibility for the supervision and management. But those are really inappropriate words for a board of directors. A board of directors gives direction to a president and the president is the one that supervises and manages. So that is why those words were deleted from section 5(3). Going into section 10(4), there was the belief again, as Ms Bentivegna pointed out,

that "on behalf of the board" was in there because of the fact that the president was a board member; by the exclusion of that phrase you would still include the fact that he is the chief executive officer but manages and directs the business in accordance with the direction of the board. So it is very clear that the president of this corporation is directly accountable to the board of directors.

Having said that, the process is such that the president is still a public servant and as a public servant must be appointed by the Minister. So that is the reason for subsection 10(1), that there shall be a president appointed by the Minister.

CHAIRMAN (Mr. Zoe): Mr. Richard, do you need further clarification? Mr. Butters.

MR. BUTTERS: Thank you, Mr. Chairman. Just to confirm that subsection 10(1) just referred to is the provision that the Minister is now considering for revision.

HON. NELLIE COURNOYEA: Yes, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Any further comments on clause 12? Madam Minister.

Motion To Amend Clause 12, Bill 20-88(1), Carried

HON. NELLIE COURNOYEA: Mr. Chairman, on the consultation with the Member and in dealing with that issue, Mr. Chairman, I move that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act is amended by: 1) reparagraphing paragraphs (a), (b) and (c) of clause 12 as paragraphs (b), (c) and (d); and 2) adding paragraph (a) to clause 12 to read "adding 'upon the recommendation of the board' after 'Minister' in subsection (1);".

CHAIRMAN (Mr. Zoe): Your motion is in order. To the motion.

SOME HON. MEMBERS: Question.

CHAIRMAN (Mr. Zoe): Question is being called. All those in favour? Opposed, if any? The motion is carried.

---Carried

Clause 12, any further comments? Clause 13, employees. Clause 14, power of expropriation. Mr. Gargan.

Power Of Expropriation

MR. GARGAN: Thank you, Mr. Chairman. In the old clause 14 there was no mention of power of expropriation. This is going to the extreme, giving the Executive Council the power to expropriate for the purpose of enhancing energy services. I would like to ask the Minister to give an example of this particular section. The power of expropriation is a pretty powerful way of doing things. I am just wondering where that type of exercise would be used or whether it just means that the Executive from now on, for the next 18 months, could expropriate areas like Alexandra Falls or Lady Evelyn Falls and the people will not have any say. Expropriation means nobody has any say in what the government does. It gives absolute power to the government to do that. So I just wanted to get a clarification on when this particular power would be exercised.

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

HON. NELLIE COURNOYEA: Mr. Chairman, in the normal power corporations, this expropriation clause exists and it also existed in the previous act under section 15. The exercise of expropriation very seldom takes place until all other action has been exhausted. For example, in the clause that was added, the purpose of the corporation is to engage in transforming, transmission, distributing, delivery, sale and supply of energy on a safe, economic, efficient and reliable basis and to ensure a continuous supply of energy adequate for the needs and future development of the Territories, I believe that explains it. Mr. Chairman, I would like to assure the Members that expropriation acts are not put into force or used until all the other avenues of access and purchase of land have been exercised. So expropriation is not an automatic exercise that bumps into place. It is something that comes at the end of all other options that are before you; such as making arrangements for rights of way, easements and sale.

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

MR. GARGAN: As far as the Expropriation Act goes, this applies within a municipality presumably, but how about outside the municipalities where really it could be under the jurisdiction of the federal government or part of the land claims settlement? How does this particular act affect those people?

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, the Expropriation Act is not limited to a community. This clause is normal in any act governing power corporations and I believe that in the claims settlement, each claims group has to address the issue of requirements for safe access to areas where the requirements of the total community would have to be provided with power. So the Expropriation Act is not something that is lightly gone into. Each group of people who are negotiating their claim are dealing with this issue. However, it is normal for a power corporation to be granted that provision to provide that safe energy to communities and to residents of any jurisdiction.

CHAIRMAN (Mr. Zoe): Any further clarification, Mr. Gargan? Clause 14. Any further comments? We will continue on to clause 15. Mr. Butters.

Approval For Construction Of Buildings

MR. BUTTERS: Mr. Chairman, I draw the attention of the Minister, in clause 15, to paragraph 15(2)(a) where it says the corporation shall obtain the approval of the Minister prior to "constructing any building necessary for the operation of the corporation". Now this could be a \$250 outhouse in Resolute Bay or somewhere.

MR. RICHARD: Or West Edmonton Mall.

MR. BUTTERS: Or West Edmonton Mall. But before you build that \$250 shed, you have to obtain the approval of the Minister. I do not think that is what the Minister really wants. What the Minister wants is to control the major capital construction items that the corporation might be considering. I am wondering if some type of restriction such as five per cent of the capital base, when constructing any building approval would be needed for more than five per cent of the capital base. I wonder if the Minister feels that paragraph 15(2)(a) is serving any real need.

CHAIRMAN (Mr. Zoe): Good point, Mr. Butters. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, that particular section was in the old act and to my understanding it is part of the whole capital approval process for the corporation. It was not intended to be restrictive or impede the building of smaller structures within the corporation and perhaps in some areas would require a phone call. But really that was something that we carried over from the old act.

CHAIRMAN (Mr. Zoe): Mr. Butters.

MR. BUTTERS: Certainly the Minister would not want to be intruded upon by a minor construction item that is under consideration by the board of directors. It strikes me that this government itself has lower limits beyond which the Executive are not bothered with regard to such decisions. I feel that there should be some limit placed within this particular legislation to prevent the Minister from being disturbed for approval of all kinds of minor construction projects.

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

HON. NELLIE COURNOYEA: Mr. Chairman, I would assume that the corporation would be laying on the table each year what their total capital plan would be including sheds and warehouses and I would not anticipate that this clause would mean that they would be calling up the Minister once a week to say they wanted to put up a small platform or a light. This is really dealing with a capital plan that would be laid before the expenditures for the year. That is my understanding of the clause.

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

MR. BUTTERS: Well, there are lots of capital items that are not foreseen in the capital plan that get added in later. Sort of a page added to the capital plan a bit later on. The Minister knows that capital plans can be changed and this particular provision says, "shall obtain the approval of the Minister". I feel that it is not conducive to devolution of management responsibility or authority to a board. However, I am not going to fight it.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Gargan, on clause 15.

Franchise For Water Or Sewerage Service

MR. GARGAN: Thank you, Mr. Chairman. I understand what the clause is leading to. The corporation does have the option of getting the municipality franchise to operate the water and sewage system. For example, in Fort McPherson NCPC operates those utilities. But in other places, if a private company wants to take on the responsibility of power in those communities, are there any clauses in this act that would lead to that?

CHAIRMAN (Mr. Zoe): Mahsi cho. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, this does not limit the municipality to making that type of decision.

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

MR. GARGAN: But does it limit the corporation? It gives the corporation discretion to give municipalities those services, but it does not say anything about granting this to other companies, to buy or to purchase power companies.

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

HON. NELLIE COURNOYEA: Mr. Chairman, Bill 20-88(1) is an act amending the Northwest Territories Energy Corporation Act. The purchase of NCPC by the GNWT does not deal with other energy corporations or energy businesses. The question of control and awarding is in other acts, such as the local municipality acts.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 15? Clause 15. Mr. Butters.

Approval Required For Constructing A Plant

MR. BUTTERS: Mr. Chairman, again on paragraph 15(2)(d), constructing a plant. Obviously this is the business of the energy corporation. That is what the Minister is appointing them to do, to develop the required energy resources of the Territories. Constructing plants is part of that responsibility. The Minister has pointed out that she expects to have laid before the Minister for Energy, the annual capital requirements of the corporation. What is meant by (d) and why is it necessary to include it in this section?

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

MS BENTIVEGNA: Mr. Chairman, the reason for that is that "plant" is defined as all kinds of facilities for the generation and transforming, transmission, distribution, delivery and supply of energy. So these could be the big capital projects, anything to do with the generation of energy. So that is why it is felt they should have the Minister's prior approval. And again, that would be part of the capital plan and the future plans of the corporation.

CHAIRMAN (Mr. Zoe): Mahsi cho. Any further comments on clause 15? If not, we will continue on to clause 16. Any comments on clause 16? Honourable Member for Yellowknife South.

MR. RICHARD: Thank you, most honourable Chairman. Mr. Chairman, this clause provides that the corporation themselves are to establish rates and that the rate structure is to be established by the Executive Council. Later in this bill, as an interim provision, it is provided that the rates are going to be frozen until October, 1989, a period of about 18 months. It does not, however, provide that the rate structure that will be established by the Executive Council is to be frozen until October, 1989.

Lower Interest Expense Will Increase Profit

Now this is one concern I have. The basic problem is that we are taking this utility company and we are not making it subject to the Public Utilities Board control or regulation. I suppose initially my concern about rates being frozen was that I did not want the Executive Council dickering with the rates and this bill provides that they will be frozen in time until October, 1989. I guess there is some security in that they will not go up, but on the other hand, as Mr. Nielsen so kindly pointed out to me yesterday, when I asked how we were going to afford the subsidies of three or four million dollars a year, we are going to make enough of a profit on this operation to reimburse ourselves for the subsidy. He pointed out that in fact we are going to do fairly well, because we are going to have an interest expense in here, after we take it over, that is lower than the current interest expense because there is going to be a lower debt. That begs the question: Are we paying too high rates now? I would hope that in this period where we are going to freeze rates, if it turns out that there is a profit being generated in excess of the current level of subsidies, which is three or four million dollars, that the Executive would consider bringing in an amendment to this act asking the Assembly to agree that the rates can be lowered.

MR. BUTTERS: Agreed. That is good thinking.

MR. RICHARD: Up or down.

MR. BUTTERS: Down, you can go ahead.

MR. RICHARD: Up or down. If fuel prices internationally go up, you may have to come in and ask us to agree to unfreeze them to put them up. If you are operating as efficiently as NCPC is now -- in our zone we are making, as of March 1987, \$4.3 million but we should do better than that because we are not going to have the high interest expense that NCPC has now and we are doing, apparently, quite well since March 1987 too, or NCPC is, according to that extra note. So, Mr. Chairman, I have a number of concerns here in clause 16. The rate structures are not being frozen. They are going to be determined by the Executive Council during the time that this utility company is not going to be subject to control by PUB. I would ask the Minister to address that concern.

Breaching Agreement In Principle

Let me take it back to basics. We now see the agreement in principle, if I can find it among all these documents. I wonder if the government is not breaching already this agreement in principle; the ink is not dry on the press release but the agreement in principle is dated February 8, 1988. Paragraph 8.1, the agreement that the Minister signed with the federal Minister, and which two cabinets have now approved, states clearly, "After the transfer, the electrical utility operations will be subject to regulation by a regulator appointed by the Government of the Northwest Territories." From what I see in Bill 20-88(1), the only regulator in these first 18 months is going to be the Executive Council and perhaps the Legislative Assembly. So that is the second concern, that we are already breaching the agreement in principle. But I would ask the Minister; I would expect that she may have a different interpretation of paragraph 8.1. Thank you.

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

HON. NELLIE COURNOYEA: Mr. Chairman, part of the reason, when we were negotiating with the federal government in trying to clear up some of the points that are exactly as the Member states, is that this act or legislation has been gone over by federal officials as we were coming down to the wire to see if it conformed with the letter of intent or the agreement in principle, whatever we are calling it today. And the act has been gone over by the officials and it has been determined that it does not conflict and, as well, a letter has been written to confirm that the legislation does not conflict with the intent of the agreement.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Richard, do you want to make your point more specific so the Minister can give you a more definite answer?

MR. RICHARD: Well, Mr. Chairman, the Minister, I take it, is agreeing with what she says is the federal interpretation. We received the latest draft of this Bill 20-88(1) last Friday. I guess she is telling us the Government of Canada, the other signatory to the agreement, has seen the latest draft as of last Friday or later and they say it is not in breach. I guess she is agreeing with them so I will perhaps leave that. Maybe other Members could comment on how they read that.

Rate Structures Not Frozen

What about the first concern I had, about the fact that rate structures are not frozen but that the Executive Council has the mandate without regulation by the PUB to make changes in rate structure?

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

MR. NIELSEN: Mr. Chairman, section 15.1(1) provides that the corporation may establish the rates. This is quite a normal thing. Any corporation or power corporation would establish the rates. I think it is important to make it very clear that once those rates are established, they will, after the October 1st date, after the rates are unfrozen, become fully subject to the Public Utilities Board. Having said that, we look at a rate structure which is as we discussed before, the structure of the rates or the arrangement by which the rates are divided amongst the various classes of customers, amongst the regions or rate zones or in accordance with the class of service provided by the corporation.

CHAIRMAN (Mr. Zoe): Sorry, Mr. Nielsen. One moment, Mr. Nielsen, your mike is not on.

MR. NIELSEN: The NWT is a very unique geographic area served by a very unique power corporation. It is possible, I suppose, to allow a rate structure to be dictated by an organization which really does not have any social responsibility. But if you did that, it would seem to me that the government would be avoiding its responsibility to the remainder of its consumers. Alternatively, if you were to do that you might find that the government would be placed in the position where it would have to reallocate funding from Education or Health or some other program in order to provide a subsidy to power consumers.

It was deemed appropriate after a review of the rate structure in the NWT to leave that rate structure alone, to not touch it at this point in time but to allow the Executive and the corporation the opportunity to re-examine that structure over a period of time and if improvements could be made which, number one, would protect consumers, particularly in the remote zones served by diesel facilities, from exorbitant rate increases, and which at the same time would protect the Government of the Northwest Territories from massive increases in subsidies, that that structure would be proposed. But I think with the combination of the section providing that there shall be no rate increase and the section providing that the rates themselves will be subject to Public Utilities Board regulation at the termination of that suspension of rate period, that it seems reasonable that the government would provide for the act such that the Public Utilities Board would not have the opportunity to change that rate structure which would cause, as I say, these social issues to be addressed in a different way.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 16? Mr. Butters.

MR. BUTTERS: Mr. Chairman, maybe my colleague did get an answer to paragraph 8 on page four of the agreement in principle. "After the transfer, the electrical utility operations will be subject to regulation by a regulator appointed by the GNWT." I guess I have some questions related to that. What regulator? What is this? Is this an agency or is it an individual? What regulations will this individual or agency be required to operate within? Who will appoint the agency? What process will be used to appoint the agency or individual?

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

Transition Period Required

MR. NIELSEN: Mr. Chairman, in the course of the negotiations for the transfer of NCPC it was recognized that neither the Public Utilities Board, nor the Government of the Northwest Territories, nor the Northwest Territories Power Corporation would be in a position to be able to regulate this utility immediately upon transfer. It will require a transition period; it will require a period during which the Public Utilities Board will be able to gear up for this transfer; it will require a period of time for the management of the power corporation, never having been subjected to regulation before, to re-examine their own regulations within their corporation. There was never any expectation that on day one the utility would be subject to full regulation. The wording in the agreement in principle was carefully chosen to provide that after the transfer

it will be subject to regulation. There is no period of time identified and the Minister has received confirmation from the Minister of DIAND, the Minister responsible for the utility, that this transition period will be required and that there will be an eventual -- and the word "eventual" was used in the correspondence -- eventual regulation of this utility.

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

MR. BUTTERS: Thank you for nothing. I received no answers to my question, except to say that the words that are before us do not mean what I think they mean. When I read the words "After the transfer, the electrical utility operations will be subject to regulation by a regulator appointed by the GNWT," I think "after the transfer" will be April 1, 1988...

MR. RICHARD: 12:01 a.m.

Regulator Not In Place

MR. BUTTERS: Right. But I have not your legal mind, sir, so I do not know if that is true, but I accept your wisdom on the case. I cannot see that you can accept that principle and say it is going to be managed in some ad hoc way by, or regulated in some ad hoc way by the Government of the NWT, the Executive Council, the NWT Public Utilities Board which is not able to function, and meet the new requirements that are being devolved to these Territories. How could you have signed that document when we do not have a regulator? We do not have regulations. We do not have a regulator in place, on April 1, 1988.

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

MR. NIELSEN: Mr. Chairman, I think that what we have to take into consideration is that this utility never has been regulated, and in the course of acquiring this facility it has been recognized that such a regulation is not something that can be accomplished on day one. It is something that is going to require some time to examine on both the part of the management and the Public Utilities Board.

There has never been any guarantee that this transfer will take place. It is only really within the last few months that it appeared as though agreement was going to be reached, so the corporation itself and the government were not in the position of again gearing up to provide for this regulation. Having said that, as I mentioned earlier, the wording was very, very clear in the discussions in the negotiations. There has been absolutely no expectation on the part of the federal negotiators that on April 1, 1988, there shall be a regulation, absolutely no expectation whatsoever.

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

MR. BUTTERS: Thank you, Mr. Chairman. That is a fair response. I think that that describes the situation as it is and I think it describes the situation as we all know it is. NCPD refused to be regulated by the existing Public Utilities Board. In fact, on one occasion and on some occasions they refused to appear at the board's request. So, you are right, there has not been a regulatory body in that sense. But as long as the Minister understands what the situation is and realizes that it is not going to be regulated by a regulator appointed by the NWT after transfer, well that is fine.

I would like to follow up again on the other point made by my colleague and that is 15.2(2). "Three months prior to any change to the rate structure, the Minister shall table the proposed change to the rate structure before the Legislative Assembly." Now I heard the long explanation by the deputy minister of Finance about the corporation having a social conscience and all that good stuff, but the corporation is a business entity. It is an enterprise which deals in dollars and cents and profit and loss, and I recognize that it is an entity which in our terms is not to make a profit but to break even.

Reason For Delay In Rate Change

Now, I cannot see why, if under efficient management and with the new board that the Minister is going to appoint, these very knowledgeable people, experienced in electrical distribution and generation, working in their home territory, with a president of their choice, should not be able

to reduce the costs of power, and those reduced costs of generating power should result in reduced rates. So why cannot the board reduce those rates without having to comply with, "Three months prior to any change to the rate structure, the Minister shall table the proposed change...before the Legislative Assembly"? Why could not they reduce rates instead of that delay?

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

HON. NELLIE COURNOYEA: Mr. Chairman, that clause was put in there in direct response to some of the feelings of the Members that the corporation may run wild and go the other way, raising rates, or doing something that is rather out of the way. It was really the time frame for putting something before the Legislative Assembly and tabling it for us that added protection where we would make sure that anything that we do -- in case something happened, because we never know. It may be that the price of oil will triple. It was really done in response to some of the Members who wanted the comfort of knowing what we are going to do if we have to do it.

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

MR. BUTTERS: I understand that, but the Minister, although she is not saying it in so many words, is agreeing that if a rate reduction were to take place to benefit the people, it would still be deferred until the rate reduction could be put before this Assembly. All I am saying is that maybe if it is a reduction we would allow the managers to manage and make that reduction so that we all could benefit and not delay or defer that benefit.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 16? Madam Minister, do you wish to make a comment regarding Mr. Butters' comments? Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, as the Minister has previously mentioned, first of all there was a paragraph put in the legislation at the request of Members which would provide that there would be no rate change until October 1st, 1989. That is section 34.4(1). What is being put in here is subsequent to October 1, 1989 in that if there is a change to the rate structure which results in a rate increase -- in other words if there was a change to the rate structure between now and October 1, 1989, it could not cause a rate increase or decrease. It would have to be a change in the rate structure which would work out minor accommodations.

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

MR. RICHARD: Mr. Chairman, I do not want to get into a disagreement with Mr. Nielsen but we do have this protection, this three month upset rule, and if the proposed rate structure that the Executive Council are proposing to change does not sit well with the Legislative Assembly, we can direct the Executive to redo it. That is why this three month notice rule is in here. That is the way I see it.

Result Of Change In Rate Structure

But, let us not forget that a change in rate structure can result in -- maybe the rates do not change but if I am in rate structure 'A' that says 10 cents a kilowatt hour and because of a change of definition or another rate structure I moved into rate structure 'B' where the rate for 'B' is 27 cents per kilowatt hour and if I am the consumer, I am being moved from one rate structure into another and my rate is going up from 10 cents to 27 cents. So there can be some changes that can be achieved by the powers that this bill would have in the hands of the Executive Council. That was my point from the beginning, and in a time period when the corporation and the Executive Council are not subject to review by a public regulatory agency such as the PUB as contemplated by the agreement in principle.

I am content, Mr. Chairman, on this issue about rate structure. There is a three month warning period there that is going to tie the hands of the Executive to a certain extent. In the big picture I am still concerned that we are going to be 18 months with an unregulated public utility whose rates are frozen.

CHAIRMAN (Mr. Zoe): Thank you. Would you like to respond to that, Madam Minister?

HON. NELLIE COURNOYEA: Mr. Chairman, I believe those are wise words that were put toward this Executive Council and this honourable Minister and cannot be improved upon.

CHAIRMAN (Mr. Zoe): Are there any further comments on clause 16? Clause 16, Mr. Butters.

MR. BUTTERS: Mr. Chairman, I would like to hear again why we cannot develop a regulatory body in a time frame that would be compatible to our need, and that is in the next two or three months rather than in the next year and a half. The public utilities legislation seems to develop a regulatory agency which would fit that need. The Minister yesterday agreed that the government feels that that draft 11, or whatever draft it is now, would be satisfactory. Why is the government not interested in putting that bill forward? Maybe clean it up a little bit and do a little more consultation but why is not the government going to put that bill forward rather than allow us to operate for a year and a half without an adequate and proper regulatory agency?

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

Reason For Year And A Half Delay

HON. NELLIE COURNOYEA: Mr. Chairman, I am going to put this in sort of broader terms and there are some clear, more detailed answers. When we take this power corporation over -- and there were a number of things that still beg the question of how we were going to operate in terms of the wide, diverse interests that we serve in the NWT, I am not totally sure as the person responsible that I have all the answers on this corporation which has created its activity or built a life of its own, given the fact that it was never a regulated entity and we had taken it over as an ongoing concern with the good parts and with possibly the bad parts. I cannot say for certain that we have identified all the bad parts and certainly I would like to see that the GNWT, responsible to the residents, given the makeup of the NWT, has time to evaluate just what can be done with this corporation before it goes under the regulatory regime, mainly because my understanding is if it does go under a fully regulated Public Utilities Board, the Public Utilities Board would have certain responsibilities that would force the Public Utilities Board to change the makeup of this corporation because of its mandate and at this point in time, with what we have for the NWT, this government feels that we have a good deal.

But in any negotiated venture from the federal government to the territorial government, even though I may believe or may feel that it is a good deal, there are always some things that we do not see. I do not want to be in a position -- or this government, I am sure, does not want to be in the position -- that all of a sudden something becomes uncovered that we did not count on and we have not looked at the whole delivery of power. I am sure that the honourable Member appreciates the number of unanswered questions in any deal and it certainly, to me, appears to be a very good deal at this time.

Issues To Be Looked At

In terms of issues that we have to look at more clearly, for example, the Inuvik utilidor. Although we have addressed it to a certain point I do not think we fully addressed that. What is that going to really cost this government if we are not able to clear up some of the hanging issues with the federal government in terms of responsibility for that? In terms of the diesel communities and the hydro communities, just what does that mean if we have to vary the subsidy and where does that fit into the whole corporation?

So on a lot of things I have a fairly good idea of where they sit, but until we have the opportunity for a certain period of time, to run this corporation and take a good hold on it, I think we are going to want to have a lot of questions answered.

We did make a commitment that we would not be raising the rates. There has been no rate increase for three or four years as it is. Given that, and the fact that this has been run by a federal agency, we would require the time. As well, certainly we are prepared to move with the Public Utilities Board. But the people who are on the Public Utilities Board presently and who would have to take on added responsibility, would take time to get into gear as well. I feel that the action of giving a period of grace for the company to flesh itself out -- we will still commit ourselves to moving ahead, and by the time this is seen through or even before, we will bring that Public Utilities Act before you. I am certainly committed to that but I just feel that we have to have a certain period of time to flesh this agency out.

If you want more details and calculations that might have brought us further toward that conclusion -- the overall idea that put us in the position of how we deal with this agency in the meantime, is leaving it as much in the same state and having a period of time to adjust and bringing it to the expectations of NWT consumers. I feel that we really do need that time, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Mr. Butters.

Function Of Existing Public Utilities Board

MR. BUTTERS: Thank you, Mr. Chairman. I would like clarification from the legal witness at the table, Ms Bentivegna. It appears to me that what the government is doing in this situation is keeping a dog and barking itself or keeping a cow and giving milk. They are becoming their own public utilities board. The Executive Council is becoming the public utilities board during this period of fleshing out. Yesterday the honourable Member for Hay River asked about the role of the Public Utilities Board and its function, should people require to go before it and be heard. I would like to hear how the existing Public Utilities Board, which is a shadow of what will be required in the future, can serve in this interim period when the real public utilities board will be the Executive Council.

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

Pertinent Sections Of Public Utilities Act

MS BENTIVEGNA: In answer to the question, right now the public utility has to file with the Public Utilities Board, within three months of the end of each fiscal year of that company, a statement showing the rates that it charges for the supply of electricity or natural gas, the categories to which those rates apply and any other charges it makes to persons to whom it supplies electricity. This is in section 23 of the present Public Utilities Act. It has to file its financial statements for the fiscal year in such form and verified in such manner as the board directs, and a statement setting out the name, address and duties of every officer and director of the public utility.

Now there are also the duties of a public utility in section 24, that it has to: keep books, records and accounts as afford an intelligent understanding of the conduct of its business; maintain depreciation, amortization and depletion accounts in accordance with such rates and methods as the board directs; and maintain its property and equipment in such condition as to enable it to provide safe, adequate and proper service.

Then if there is a complaint or when it is looking into rates, right now it reads that the council of any municipality within whose boundaries the utility operates or 10 per cent of the residents of the municipality can make a valid complaint with the board respecting the rates charged by the public utility or the classifications to which these rates apply.

Proposed rate increases would come under section 23. When there is a rate increase asked for, then the public utility files it with the board and asks the board to approve it before it can begin to charge those rates. So that is what that is referring to, the manner in which the public utility provides service, or the areas to which the public utility provides services. Then the board has the power to hear the complaint and make an order: fixing the rate and the classifications to which those rates apply, which the public utility may charge for the supply of electricity or natural gas; prohibiting any proposed rate increase or limiting it in any manner specified in the order; determining the conditions or manner in which the public utility shall supply electricity or natural gas; or requiring the public utility to establish, construct, maintain and operate any reasonable extension to its existing facilities.

Also the Public Utilities Board, when it is fixing rates right now to be charged for the supply of electricity, can determine the cost to the public utility of the property that it has used or required to be used by it in its service to the public and fix a fair return on it. In fixing the fair return, the board gives due consideration to all the facts as, in its opinion, are relevant. So those are the basic powers set out right now. The board has the same powers as the board of inquiry and it can summon witnesses and require information.

CHAIRMAN (Mr. Zoe): Thank you. Any further comment on clause 16? Clause 17. Clause 18. Clause 19. Mr. Lewis.

MR. LEWIS: Just a small point, Mr. Chairman. Why is it that we have two words for the same thing in English? One called sewerage and one called sewage. One is the doer and one is what you do it to. Is that the issue?

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Sewage is the contents and sewerage is the system.

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

MR. LEWIS: Is this actually a word that exists in anything I can look up, sewage and sewerage? If so, where can I find it?

CHAIRMAN (Mr. Zoe): I believe it is in Webster's dictionary. Ms Bentivegna.

MS BENTIVEGNA: Yes, Mr. Chairman, it is in the Oxford and it is defined as a system of sewers.

CHAIRMAN (Mr. Zoe): Thank you. Clause 19. Further comments? Clause 20. Mr. Richard.

Contributions To Corporation

MR. RICHARD: Mr. Chairman, clause 20 refers to section 21 of the current unproclaimed act. Subsection 21(1) which is being retained provides that the government may make contributions to the power corporation. Why would that be necessary if we are taking over such a wonderful cash cow that we would need to make a contribution as opposed to a loan?

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

HON. NELLIE COURNOYEA: Mr. Chairman, my understanding is that is to take care of a contribution for subsidies that this government would make.

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

MR. RICHARD: Well, as I read the financial statements of NCPC, it does not need any subsidies. I understood the current federal government subsidy agreements are subsidies to the consumers and currently is the money not paid to the commission on behalf of the consumers? It is not a contribution to the commission.

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

Contribution Program

MR. NIELSEN: Mr. Chairman, the current program provides for a contribution program to subsidize the consumer but it has to go through the power corporation. If it is, for example a residential customer, it would be identified on the power bill of the consumer that he would have a lower rate for the first 700 kilowatt hours. So the intention here is to provide for the dividends to be paid by the corporation to the GNWT which, in turn, turns around and pays those back to the corporation so that it can record its full revenues, but the amount that it charges its customers for the first 700 kilowatt hours, for example in communities outside Yellowknife, is identified. That is the way it works now. The actual subsidy is paid to the corporation and it reduces the rate that it charges its consumers right on the power bill. Now in addition to that there is the commercial power program which requires an individual to send in an application and apply for the refund. But there needs to be a contribution made to the power corporation to subsidize the residential power program.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments, Mr. Richard?

MR. RICHARD: Well, Mr. Chairman, I appreciate that currently the current subsidy programs are not voted in our documents. They are I believe vote 4/5 types of moneys. Look at me now, I am using their terms now. But neither one of those subsidy programs are contributions, as the accountants and the bureaucrats know that term, in loans, grants and contributions. Am I correct here? This is not a contribution to or will not be a contribution to the power corporation. It is a contribution to residential and commercial consumers in certain areas of the Territories.

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

MR. NIELSEN: Mr. Chairman, there are two programs and it is correct as far as the commercial power subsidy program is concerned that the power subsidy would not be provided directly to the corporation, it would be provided to the consumers. However, under a contribution program, the recipient is accountable and in this case, a payment to the corporation means that the corporation is accountable to demonstrate that has been passed on to the consumer in the form of a reduced power rate. So it rightfully, in my opinion, belongs as a contribution to the corporation.

CHAIRMAN (Mr. Zoe): Thank you. Mr. Richard, do you have any further comments on clause 20? Any comments on clause 20? If there are no further comments we will continue on to clause 21. Clause 21, Mr. Richard.

Submission Of Draft Regulations To Members

MR. RICHARD: Mr. Chairman, in clause 21 the capital structure of the corporation shall be prescribed by regulation. I do not like that but with the pressure of time I guess there is no other way to do it. We asked a couple of weeks ago that before we are asked to pass this legislation, we see the draft regulations. That is an old request that often came up in this House from the former Member for Slave River who used to sit here and do his job day in and day out, that we see regulations every time we pass an act that allowed Executive to make regulations in important areas, that they not hide those regulations from us until after we passed the act but that we see them at the same time. The Minister and her officials have circulated to us some draft regulations. The one on capital structure has a whole bunch of blanks in it. I have some questions about those regulations but I guess I will not waste my breath since they are only a draft anyway.

But in this clause 21, Mr. Chairman, my main concern is the provision for the dividends and the funding of the subsidy program that Mr. Nielsen was just speaking of. It appears that our government is going to hold preferred shares in this power corporation. That the corporation is going to declare dividends on the preferred shares out of all the money it is going to make. So now we have money coming from the corporation into the government and subsection 22.1(2) provides that those dividends "may", not "shall", be applied to the subsidization of rates. Now I had thought that maybe it was an earlier draft that was going to be "shall be applied". I would like some clarification on that. What I do not want and I do not think the public wants is those dividends being used for just consolidated revenue fund purposes, just general purposes, but I would read "may" as permitting that.

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

MS BENTIVEGNA: Mr. Chairman, the Member, of course, is right in saying that the "may" is permissive. We did have "shall" and it was at the committee stage when it was reviewed that it was felt that the "shall" should be changed to a "may" because if there was any privatization then the private shareholders would not use the dividends, of course, for the subsidies. That was the reasoning for it. But it had been "shall" and it would have then said that the government would only be able to use that money, the dividends, for subsidies. But that is the reason for the "may". It was at the committee's request.

CHAIRMAN (Mr. Zoe): Thank you. Clause 21. Mr. Richard.

Stabilization Account Process

MR. RICHARD: Well, Mr. Chairman, maybe we had better ask Mr. Nielsen to take us through this process, because the draft capital structure regulations clearly contemplate our government getting an unknown number of common shares and an unknown number of preferred shares. Paragraph six of those draft regulations I have a problem with, but I am not going to trouble the rest of you with that. It goes on to provide, in paragraph nine, that the corporation shall credit to the stabilization account the dividends declared on the preferred shares. Now that stabilization account, I take it, is an account within the corporation. Could I just ask Mr. Nielsen to take us through this, as to how this process is going to work?

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

MR. NIELSEN: Mr. Chairman, I suggest referencing the draft regulations which were circulated and reference the one entitled, "Capital Structure of the Northwest Territories Power Corporation Regulations". With reference to paragraph two on that page, the first paragraph refers to the

common shares structure, "an unlimited number of common shares without par value from which" and the identified number of shares would depend on the dollar value allocated per share, "shares have been issued with a paid-up capital equal to" and the value that can be put in there is approximate at this point in time, but let us say it is \$30 million, that is the expected value.

Under paragraph (b), "an unlimited number of preferred shares without par value from which" and again depending on the value of each share, leaving that blank, "shares have been issued with a paid-up capital equal to" approximately, at this point in time, \$38 million. So we have common shares in the approximate value of \$30 million and preferred shares in the approximate value of \$38 million, for a total equity of \$68 million, all held by our government.

The intention is that in the case of the \$30 million, the reason for the selection of \$30 million is simply to attempt to ensure that this corporation is structured as much as possible along private utilities lines which would be acceptable for eventual full regulation. In fact, as we understand it, a utility with a capital share structure of about 75/25 between a debt/equity split is a reasonable debt/equity structure, or capital and debt structure, for acceptance by public utilities boards across Canada.

In addition to that, the \$30 million is an approximate amount which would provide a subsidy for the payment -- the amount of the dividend would provide for the payment of a subsidy. So let us just take the \$30 million, as an example, at a 10 per cent rate. If a 10 per cent dividend was declared, three million dollars would be declared as the dividend. Of that amount, somewhere between \$2.5 million and \$2.9 million would be paid to the Government of the NWT. The remaining \$500,000 would remain as retained earnings in the corporation.

Application To Act

So going back to the act, we identified that a reasonable rate of return would be earned on the equity, that if that reasonable rate of return is deemed to be 10 per cent, three million dollars would be earned as a rate of return and the proportion required to finance the subsidies would be paid to the Government of the NWT, the remainder would stay within the corporation and be used as retained earnings.

CHAIRMAN (Mr. Zoe): Mr. Richard.

MR. RICHARD: So I take it the entry in the act, subsection 22.1(2), should read, "The dividends on the common shares may be applied to the subsidization of rates", because in your draft regulations you clearly contemplate that you are also going to declare a dividend on your preferred shares, but you are going to use those dividends to set up a stabilization account having to do with fluctuations in fuel prices, etc.

CHAIRMAN (Mr. Zoe): Mr. Nielsen.

MR. NIELSEN: With the use of the term "may", it is not necessary, but certainly it could be used. If the term "shall" was in there, I would agree with you.

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

MR. RICHARD: Well, we may be going to pass the act in the next few days and I do not know when the regulations are going to be passed by the Executive, but Mr. Nielsen, through you, Mr. Chairman, you have to agree with me that there is a conflict here. Paragraph nine of the draft corporate capital structure regulations clearly gives only one route for the dividends on preferred shares to go. They are definitely not going to be used for the subsidies in section 22.1 of the act. In section 22.1 of the act you are talking about common shares dividends. So I think that should be cleared up in the act. But while I am asking that, is it too soon to ask, how do the Minister and Mr. Nielsen see the private sector coming in in terms of these common shares and preferred shares? Is some private sector entity going to come in and acquire both common shares and preferred shares? Or is it too soon to ask that?

CHAIRMAN (Mr. Zoe): Madam Minister or Mr. Nielsen.

Private Sector Involvement

MR. NIELSEN: I guess first of all the question as to whether there will or will not be a private sector involvement in this utility has not been addressed by the Executive, so I will not comment on that. But I think the point is that the structure of the corporation is being set up to provide for that alternative should it arise. We have not developed any proposals on this but certainly it would be my expectation that the preferred shares would never be issued publicly or at least issued to others. The preferred shares are simply a vehicle to allow for the setting up of the stabilization fund and once that stabilization fund has been set up, I would expect the management of the corporation, over a period of time, would gradually transfer the preferred shares and convert the preferred shares into common shares. That is provided for, to convert the common shares into preferred shares to match the increases in the debt structure of the corporation, with an attempt to maintain that 75/25 debt/equity split.

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

MR. RICHARD: Thank you, Mr. Chairman. I thank Mr. Nielsen for that clarification on the issue of whether it should read "the dividends of common shares". I would simply leave that to the legal draftsman. I believe it should be clarified but I am not going to move a motion.

Mr. Chairman, at the risk of being off the topic, since the regulations are all attached together here, I note the draft rate structure regulations, and you recall that somewhere in this Bill 20-88(1), it was the Executive Council who was to establish the rate structure. The rate structure regulations we have in front of us are meaningless. It says that the Executive Council is going to abdicate that responsibility to the corporation. So why do we not just put that into the act in the first place, that you are going to let the corporation do it? I had hoped to see the current rate structure because Mr. Nielsen and Minister Cournoyea basically tell me that they are not going to make any drastic changes while this utility company is not regulated.

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

Corporation May Establish Rates

MR. NIELSEN: Mr. Chairman, I think the regulation is consistent with the act, wherein the corporation may establish the rates. It would certainly be expected that the corporation would establish the rate structure. The regulations provide that in establishing that rate structure -- just as an example, there is no way the corporation could establish a rate structure that would increase the subsidy being paid by the hydro zone to the diesel zone. This prohibits that.

It also prohibits the establishment of rates which would increase the subsidy paid by the GNWT. Taken together, I honestly do not know what the corporation could do to change its rate structure. I really do not think that there is any latitude at all of any material amount.

CHAIRMAN (Mr. Zoe): Thank you. Are there any further comments on clause 21? Mr. Butters.

MR. BUTTERS: Mr. Chairman, in the agreement between this government and the federal government, on page three under number 7, electrical subsidies, it is indicated that the federal government will end its funding of the federal power support program and the commercial power relief program effective April 1, 1988, and will no longer be financially responsible for any such electrical subsidization in the NWT. That is 48 hours away. I understand that draft 13 of the bill was put forward by the government without any problems. Draft 13 of the bill said that subject to the direction of the Executive Council the corporation shall, from time to time, declare dividends and such dividends shall be applied to the subsidization of rates for energy or water or sewerage service and related administration costs. I do not think we have an improved piece of legislation here with regard to the subsidization programs the residents of the NWT are currently enjoying and will cease enjoying on Friday, April 1st. Maybe that is a sad April Fools' joke. I am alarmed at the use of the word "may". The dividends, in subsection 22.1(2), may be applied to the subsidization of rates for energy or water or sewerage services and related administration costs.

Motion To Amend Clause 21, Bill 20-88(1)

I do not think that is an improvement and I am going to move that the word "may" in subsection 22.1(2) be struck and the word "shall" reinstated.

CHAIRMAN (Mr. Zoe): Mr. Butters, your amendment is to substitute the word "may" to "shall" under subsection 22.1(2). Your motion is in order. To the motion. Mr. Butters.

MR. BUTTERS: Thank you, Mr. Chairman. I feel that the subsidization that we have been enjoying and are enjoying today should be continued. The only word which will ensure that continuation is the word "shall". The government, I am sure, can vote for this amendment because it was in the original bill that the government was planning to introduce into this House. The only question I would have is that the deputy minister of Finance indicated, after being questioned by my colleague, that the wording in the old draft 13 may require the addition of three more words "from common shares", but that would be up to the government.

CHAIRMAN (Mr. Zoe): Thank you. Madam Cournoyea, to the motion.

HON. NELLIE COURNOYEA: Mr. Chairman, we were just going to suggest that perhaps if the Member wishes, the wording should be inclusive of the suggestion that was put forward before incorporating "on the common shares shall".

SOME HON. MEMBERS: Agreed.

AN HON. MEMBER: Question.

CHAIRMAN (Mr. Zoe): Ms Cournoyea, you are moving to amend the motion? For the record, Ms Cournoyea, can you read out your amendment to the motion, please?

Motion To Amend Motion To Amend Clause 21, Bill 20-88(1)

HON. NELLIE COURNOYEA: Mr. Chairman, "subsection 22.1(2) should read, 'the dividends on the common shares shall be applied to the subsidization of rates.'"

CHAIRMAN (Mr. Zoe): Madam Minister, your motion to amend is in order. You are adding on, right after dividends, "on the common share". Share or shares? Which one is it? Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, it is shares with an "s" on the end.

CHAIRMAN (Mr. Zoe): Your motion to amend is in order. To the amendment. The honourable Member for Hay River.

MR. POLLARD: Thank you, Mr. Chairman. I just want to ask a question and that is, if these dividends "shall" be applied to the subsidization of rates then if there is any private sector involvement, does that in turn involve the common shares that would presumably be owned by a private sector company, corporation, person? Does that mean that person is going to have to, by law, put their dividends to the subsidization?

CHAIRMAN (Mr. Zoe): Mr. Nielsen, clarification.

MR. NIELSEN: Mr. Chairman, that would be my interpretation.

CHAIRMAN (Mr. Zoe): To the amendment. Mr. Pollard.

MR. POLLARD: Thank you, Mr. Chairman. I think that the understanding between the federal government and this government signed by the Minister is that within six months after closing, the GNWT agrees to develop an options paper for consideration of the Executive Council and we are talking privatization. That is an agreement and they are going to look at it. Now, if they come back and they look at this privatization and they say, "Hey, this is a pretty good deal", what are we going to do? Are we going to change the legislation or are we effectively closing the door on the private sector right here by saying that if you get involved, your dividends go to the subsidization of rates? I would like the Minister to answer that question, please, Mr. Chairman.

CHAIRMAN (Mr. Zoe): Madam Minister, a further clarification on Mr. Pollard's question.

HON. NELLIE COURNOYEA: Mr. Chairman, the honourable Member is exactly right. If we use this wording, if the government wishes to privatize or has an option brought forward that privatization is in the best interest and is a positive way to go, we would have to change the legislation.

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

MR. BUTTERS: Legislation can be amended and this would be one way of assuring that if the option paper is examined by the territorial government and privatization options are decided upon, they would have to bring it back to this House for approval.

CHAIRMAN (Mr. Zoe): Thank you. To the amendment.

AN HON. MEMBER: Question.

Motion To Amend Motion To Amend Clause 21, Bill 20-88(1), Carried

CHAIRMAN (Mr. Zoe): Question is being called. All those in favour? Opposed, if any? The amendment is carried.

---Carried

To the motion as amended. Is the committee ready for the question?

AN HON. MEMBER: Question.

Motion To Amend Clause 21, Bill 20-88(1), Carried As Amended

CHAIRMAN (Mr. Zoe): Question is being called. The motion as amended. All those in favour? Opposed, if any? The motion is carried as amended.

---Carried

Are we concluded with clause 21 now? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Clause 22 -- back to 21, Mr. Gargan.

Mechanism To Protect Consumer

MR. GARGAN: Mr. Chairman, just a point of clarification. I understand that in the city of Yellowknife and in Hay River, they have what are known as the ratepayers. As far as the shareholders go, it is usually the shareholders who decide the direction the company should be taking. In this case the shareholder is the government, so presumably the government is going to be giving itself direction on which way they are going to go. I would like to ask the Minister what type of mechanism is in place to protect the consumer. If the government decides to go in a certain direction as shareholders, what is there to stop them from doing it?

CHAIRMAN (Mr. Zoe): Mahsi cho. Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, is that a general comment or does it relate to a section in here, please?

CHAIRMAN (Mr. Zoe): It is related to clause 21. The honourable Member for Deh Cho is questioning about the shareholders' business. Would you like the honourable Member for Deh Cho to repeat what he was trying to indicate?

HON. NELLIE COURNOYEA: Perhaps I did not understand. I did not know whether it was a general comment or how it would -- I think we were dealing with subsection 22.1(2).

MR. GARGAN: Mr. Chairman, maybe just to clarify it, usually companies with shareholders look after the interests of the shareholders and see to it that the shareholders are kept happy. In this case, the territorial government, being the shareholders of this particular company, would perhaps go in a direction that this government wants to go as shareholders. So I am just questioning the

government as to whether or not there is anything in place right now to stop this government from doing so. There must be something governing shareholders. I do not know. But what is to stop the government from taking any kind of direction they want? I realize that as shareholders, and as a company, there might be a conflict, but I would like to ask the Minister, what is there to stop them from taking any direction they want as shareholders?

CHAIRMAN (Mr. Zoe): Madam Minister, or Mr. Nielsen, if you can elaborate a little on the shareholders, the common shares, and other types of shares for the honourable Member. Mr. Nielsen or Ms Bentivegna, or Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I believe that is a broader comment. As to the government being a shareholder of the power corporation, I being a Minister responsible for the agency and the board of directors am ultimately responsible for the corporation, on which I report to the Executive, and in turn we all are part of this one government. I am reportable to all of you and I suppose that if I took the corporation and allowed it to go in a direction that is not in the best interests of the consumers, I would sure find out about it, and that is where your check and balance is. I do not know if you had something more specific than that, but in the general way that you phrased your question, my responsibility is tied to the responsibility I have toward the elected Members of this Legislative Assembly.

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

Conflict Of Interest

MR. GARGAN: Mr. Chairman, there is also the old question, and maybe just for clarification, because this government owns the corporation and owns the shares of the corporation, perhaps I could get a legal opinion as to whether there is a conflict of interest between the corporation and this government. I do not know if there is a conflict of interest here, but perhaps the government or legal adviser could give me an opinion on that.

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

HON. NELLIE COURNOYEA: Mr. Chairman, I certainly am not aware of a conflict of interest just because as a government we are the shareholders. It does not mean that we stop being a government responsible to the residents of the Northwest Territories. Perhaps the legal adviser can spend some time with you -- Mr. Fournier -- and explain that there is no conflict of interest.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 21? Mr. Gargan.

Government Not Bound By Public Utilities Act

MR. GARGAN: Mr. Chairman, previously, in that the utilities are answerable to the Public Utilities Board, in all that there are certain people that are appointed, and in this case, in that process there are no conflicting interests. But I am just questioning now that the government is not bound by the Public Utilities Act for the next 18 months. That means, then, that they are looking after their own interests. So there is a conflict, whether the government agrees with me or not. When the Public Utilities Board was there, it was an independent body that was governing the utilities. This is no longer the case. What does the government call that, if it is not conflict of interest?

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

HON. NELLIE COURNOYEA: Mr. Chairman, I guess I am not qualified to delve into all the areas of apprehension that the honourable Member has, but we are the government. It does not stop us from being the government, and the only reason that the power corporation is being pursued is because it does serve all the residents of the Northwest Territories and it is not in the best interests of this government to do things that will be contrary to or not in the best interests of the people that are part of this government. It does not separate that responsibility. Previous to this, the power corporation did not come under the purview of the Public Utilities Board. By virtue of this legislation that we are dealing with now, there are certain restrictions that do not allow the power corporation to run out of order.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 21? If not, maybe we will proceed to clause 22. Mr. Butters.

Costs To Be Reimbursed

MR. BUTTERS: Mr. Chairman, on clause 22, third line, "the corporation shall reimburse the government for any costs incurred". What type of costs are contemplated there?

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

MR. NIELSEN: Mr. Chairman, I believe this issue came up yesterday when another Member questioned the services being provided by the Government of Canada versus those that might be provided by the GNWT. It would be the expectation that there may be some inefficiencies that could benefit both the corporation and the GNWT. I think the idea here is to provide for the use of government services on, I guess, a more consolidated basis than might otherwise be the case if the corporation was to attempt to undertake some projects itself. I think the example used yesterday was legal services. That is not to suggest the corporation should not go outside for legal services, but at the current time there is a minor requirement for legal services in addition to the legal counsel that is already engaged by the corporation and it simply provides for the corporation to reimburse the government should those services be obtained from the government.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 22? Mr. Lewis.

MR. LEWIS: Mr. Chairman, would that also include things like, say, the cost of moving NCPC? I know that this is not anticipated within the next short while, but that would be a great expense if they decide to move everything to the Territories. Is that the kind of cost that would also be considered under this particular clause?

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

MR. NIELSEN: Mr. Chairman, no, those types of costs would be incurred by the corporation directly. I should point out that in regard to any costs that are assigned to the corporation it must be kept in mind that those costs are going to have to be justifiable to the Public Utilities Board. In other words, there is not really the opportunity for unjustified costs to be assigned to the corporation.

Analysis Of Operating Costs Of Corporation

In examining the rate base of the corporation and determining the revenue requirement there will be the expectation of a detailed analysis of all the operating costs of the corporation and if it is determined that any costs are inappropriate to be charged to consumers, they will not be able to be recovered through rates.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 22? If not, we will continue on to clause 23. A minor change from sewage to sewerage. Any comments on clause 23? If there are no further comments we will continue on to clause 24, repealing section 31. Any comments? Since we do not have any further comments on clause 24 we will continue on to clause 25. Clause 25 going once -- clause 25. Any further comments? If not, then we will continue on to clause 26. Clause 26. Mr. Butters.

MR. BUTTERS: Mr. Chairman, I am looking at paragraph 34.1(1)(d). Are there any outstanding litigation cases currently being carried forward by the corporation? What will the territorial government inherit here?

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

MR. NIELSEN: Mr. Chairman, in any corporation of this nature there is ongoing litigation and, yes, there are some cases in the process. All of those cases have been examined by our lawyers and the anticipated settlement, if any, has been identified. We are aware of the potential liabilities.

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

MR. BUTTERS: What are those potential liabilities? Are they significant or just small cases that are being considered before the courts?

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

MR. NIELSEN: Mr. Chairman, I am not aware of any cases actually before the courts. I am aware of some claims made against the corporation, none of which, in the view of our lawyers, are material.

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

Results If Federal Action Not Complete

MR. BUTTERS: Mr. Chairman, Bill C-125 got first reading today. That is the companion legislation in the federal House. That bill from what I can gather will not be considered in the House of Commons tomorrow since the House of Commons rises tomorrow. I understand it is very doubtful of going anywhere. So relative to subsection 34(2) and the federal action, what would happen if the federal action is not completed by the 31st of March? Well, it cannot be completed because it is not going to get Senate approval. I wonder what Minister could tell me what would happen in this case on April 1st.

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

MR. NIELSEN: Mr. Chairman, at the current time we are finalizing the acquisition agreement and expect to complete that on March 31st as originally agreed to. It is true, as I understand, that first reading was provided in the House of Commons today. There is a chance that second and third reading will be achieved tomorrow. I understand that the opposition has agreed to the rapid passage of the legislation. However, even if it is passed tomorrow it would still require Senate approval and certainly that would be a difficult process to achieve in the time frame identified.

At the same time that we are completing the acquisition agreement, we are also identifying any concerns and issues related to the agreement which would cause difficulty should the signing take place a few days subsequent to March 31st. It is the view of our council, and I guess the position we are negotiating federally, that really the only thing that has to take place is an adjustment to the purchase price. As such the amount that is being paid or alternatively the debt that is being carried by the federal government would require payment. Assuming, for example, that the Government of Canada agrees to transfer the utility on April 5th rather than March 31st, then the only adjustment that would be required to the agreement might be the payment of interest on maybe six million dollars of debt that was outstanding for those five days. In terms of the purchase price, that would be reasonably nominal because we would also be entitled to the earnings of the corporation during that period.

CHAIRMAN (Mr. Zoe): Thank you. Clause 26. Mr. Richard.

NCPC Franchises

MR. RICHARD: I guess on the issue of appropriate federal action referred to in 34(2), we are being asked to rush this through and yet the feds are likely not going to achieve their side of the legislative requirements. I want to refer to 34.1(1)(b) and ask, what franchises are currently held by NCPC?

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, we can provide that information but I do not have the information right here on those franchises.

CHAIRMAN (Mr. Zoe): Mr. Richard.

MR. RICHARD: Just generally, what franchises are they? In the town of Inuvik, is there actually a franchise agreement between the municipality and NCPC? Is that the type of franchise agreement that NCPC has at present?

CHAIRMAN (Mr. Zoe): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, unfortunately the arrangements between NCPC and municipalities have not always been clear and there have not always been agreements between them. As a result of that, I do not think this refers necessarily to those types of franchises. There are franchises held by the corporation for some municipalities, but I would be hesitant to say that they are held for all municipalities because that has not been, as I understand it, the case in the past.

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

MR. RICHARD: Mr. Chairman, I would hope that we know in which municipalities of the NWT there are binding franchise agreements in place, because it would affect the viability of the corporation that we are acquiring, I would think. So I would ask for that information, Mr. Chairman.

And while I think of it, yesterday I was promised information on the amount of payments that our government pays for utilities. The last financial statement indicates that NCPC in our rate zone receives revenues of a magnitude of \$70 million. I suspect that between our government's direct and indirect payments and the Housing Corporation, we are already paying a good portion of the \$70 million to NCPC. So I would like that kind of information provided, if the Minister could confirm that. Thank you.

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, I believe the Member is asking us to provide information and I will do that.

CHAIRMAN (Mr. Zoe): Clause 26. Mr. Richard.

Edmonton Assets

MR. RICHARD: Section 34.1 provides that property of NCPC will continue to be the property of the new power corporation. The principles signed by the two Ministers speak in paragraph 17.3 about transferring property and it lists specifically housing units, transmission lines, etc. I wanted to ask about the Edmonton assets. Someone had asked the other day about the Edmonton assets, whether that is included in this. I presume NCPC owns assets in Edmonton. I want to know if they are going to stay with NCPC when we acquire the corporation. Thank you.

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

HON. NELLIE COURNOYEA: Mr. Chairman, they are part of the transfer.

CHAIRMAN (Mr. Zoe): Thank you. Clause 26. Any further comments on clause 26? Mr. Richard.

MR. RICHARD: Section 34.4. That was changed. It now reads October 1, 1989. Yes, I am sorry. That one has been clarified.

CHAIRMAN (Mr. Zoe): Thank you. Any further questions on clause 26? Clause 26. If not, clause 27. Mr. Richard.

Current NCPC Rate Structures

MR. RICHARD: Clause 27 provides that somebody can make regulations respecting rate structure. Now I have seen the draft regulations, and the rate structure is not there. Is there a piece of paper that the Minister can provide which sets out the current NCPC rate structure?

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

HON. NELLIE COURNOYEA: Mr. Chairman, we are not aware of anything right now that consolidates that information in any one given statement or page but we can attempt to get something together. We do not have one page of something right at this time.

CHAIRMAN (Mr. Zoe): Thank you. Clause 27. Any further comments on clause 27? Mr. Richard.

MR. RICHARD: Mr. Chairman, the Minister provided a briefing note on rate structure and subsidization and there is a part of this briefing note that says the following is a summary of the current rate structure and subsidies. There is some information here, and some detailed information, but surely there is somewhere, in one piece of paper, the rate structure that currently applies within NCPC. They are authorized by the federal act to set rate structures and they have done so. We know generally that hydro zones pay less than diesel zones but is there not a document that we can look at to see what rate structures we are going to be in charge of come Friday of this week?

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

HON. NELLIE COURNOYEA: Mr. Chairman, between today and tomorrow we will attempt to deal with NCPC to see if we can consolidate that information so that we can present it.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 27? If not, we will continue to clause 28, sections 37 to 44 are repealed. Clause 28. Any comments? If not, we will continue on to clause 29. Mr. Richard.

MR. RICHARD: Why, Mr. Chairman, does this clause not read, "come into force on April 1, 1988"?

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

Act Coming Into Effect

HON. NELLIE COURNOYEA: Mr. Chairman, the date would be the date when the agreement is signed and as the honourable Member knows, I might have changed that date a few times so we are not always 100 per cent sure of when that date would be. If it was April 1st we would be pleased that it is. From our relationship with the federal government, they had committed themselves to deal with the March 31st deadline so that we could make that acquisition on April 1st. As the Member knows, everything is always up in the air so that is why the date is not there.

CHAIRMAN (Mr. Zoe): Thank you. Clause 29. If there are no further comments, clause 30, consequential amendments. If not, then we will continue on to clause 31. Any comments on clause 31? Mr. Richard.

MR. RICHARD: Mr. Chairman, this clause in effect renders inoperative the provisions of the Public Utilities Act insofar as it applies to the new power corporation. How difficult would it be for the government and the people who work in the public utilities field if instead of 1989, this read 1988, September 1?

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

HON. NELLIE COURNOYEA: Mr. Chairman, in view of the need to evaluate as a government the Northwest Territories Energy Corporation Act and the taking over of the corporation, as well as putting into effect all the requirements that a fully regulated public utilities board would have, I would say that that would be insufficient time.

CHAIRMAN (Mr. Zoe): Thank you. Clause 31. Mr. Richard.

MR. RICHARD: Mr. Chairman, what are the chances that between now and September 1, 1989, the government will come to the Legislature and ask that that date be extended?

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

HON. NELLIE COURNOYEA: Mr. Chairman, it is my understanding that we have asked for this certain period of time, we have committed ourselves to getting this particular agency analysed, reviewed and looked at, and I believe that with the management we could do that, and we have committed ourselves to that date. I do not anticipate coming back to this Legislature asking for additional time.

CHAIRMAN (Mr. Zoe): Thank you. Any further comments on clause 31? If not, that concludes our discussion on Bill 20-88(1), the clause by clause discussion. Does the committee agree that the Chair will now rise to report progress, the time being 6:00 o'clock? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Madam Minister, I would like to thank the witnesses for appearing before our committee. Thank you. The Chair will now rise to report progress.

MR. SPEAKER: The House will come back to order, please. 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; TABLED DOCUMENT 113-88(1), PRESS RELEASE AND PRINCIPLES GOVERNING THE SALE AND TRANSFER OF THE NORTHERN CANADA POWER COMMISSION TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES

MR. ZOE: Mr. Speaker, your committee has been considering Report of Standing Committee on Finance on the 1988-89 Main Estimates and also Bills 1-88(1), 25-88(1), 7-88(1), 20-88(1), 6-88(1), 11-88(1) and 29-88(1) and Tabled Document 113-88(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 to the motion? Thank you, Mr. Butters. To the motion. All those in favour? Thank you. Those opposed? The motion is carried.

---Carried

Mr. Clerk, orders of the day.

CLERK OF THE HOUSE (Mr. Hamilton): Announcements. Mr. Speaker, Members are reminded of the 6:30 p.m. meeting with the students at Akaitcho Hall; the meeting of the public accounts committee at 7:30 p.m. this evening; at 9:00 a.m. tomorrow morning, the meeting of the ordinary Members' committee; and at 10:00 a.m. tomorrow morning of the standing committee on finance.

ITEM 21: ORDERS OF THE DAY

Orders of the day for Wednesday, March 30 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); Tabled Document 113-88(1); Bills 6-88(1), 11-88(1), 29-88(1)
18. Report of Committee of the Whole
19. Third Reading of Bills
20. Assent to Bills
21. Orders of the Day

MR. SPEAKER: Thank you, Mr. Clerk. The House stands adjourned until Wednesday, March 30 at 1:00 p.m.

---ADJOURNMENT

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