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

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YELLOWKNIFE, NORTHWEST TERRITORIES

WEDNESDAY, MARCH 30, 1988

MEMBERS PRESENT

Hon. Titus Alloofoo, Mr. Angottitauruq, Mr. Arlooktoo, Hon. Michael Ballantyne, Mr. Butters, Hon. Nellie Cournoyea, Mr. Crow, Mr. Ernerk, Mr. Kilabuk, Mr. Gargan, Mr. Lewis, Hon. Jeannie Marie-Jewell, Mr. McLaughlin, Mr. 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 Wednesday, March 30. Item 2, Ministers' statements. Mrs. Marie-Jewell.

ITEM 2: MINISTERS' STATEMENTS

Ministers' Statement 51-88(1): Reducing Drug Abuse In Canada

HON. JEANNIE MARIE-JEWELL: Thank you, Mr. Speaker. Mr. Speaker, I would like to advise the Members of the Assembly of several recent federal initiatives in the campaign against alcohol and drug abuse. Two days ago the federal Minister of Health and Welfare tabled in the House of Commons the first report of the standing committee on national health and welfare. This document is entitled, "Booze, Pills and Dope: Reducing Drug Abuse in Canada". At the same time the establishment of a Canadian Centre on Substance Abuse was announced, as were the broad guidelines for a \$70 million enhancement to drug and alcohol treatment and rehabilitation programs.

These initiatives are all part of the long-term national drug strategy announced by Health and Welfare Canada last May. They come at an opportune time and will be of real benefit to us in our battle against drug and alcohol abuse in the Northwest Territories. I am pleased to see that the federal government has made a major commitment to reducing alcohol and drug abuse in all parts of the country.

Details of the programs are still to be announced but the emphasis for the \$70 million portion will be directed toward youth, women and employees at risk. Further, a significant portion of the national drug strategy funds will be available to community-based groups who wish to initiate local projects. My department is funding a meeting in Inuvik to initiate planning for the NWT's involvement in the national drug strategy. I would like to assure the Members of the Assembly that both the Board of Management and Alcohol and Drug Services, and local alcohol and drug projects will be instrumental in determining how these federal funds will be expended. My officials will be meeting with federal officials as soon as possible to clarify the amount of money available and I will continue to keep the Members advised as to the progress. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Madam Minister. Ministers' statements. Mr. Alloofoo.

Ministers' Statement 52-88(1): Atlantic Council Of Fisheries Ministers Meeting

HON. TITUS ALLOOFOO: (Translation) Thank you, Mr. Speaker. On Monday, March 28th, I attended my second meeting of the Atlantic Council of Fisheries Ministers, this time in Cornerbrook, Newfoundland. I am pleased to report to the House that the Northwest Territories now sits at the table with the other Ministers and that our views are heard and considered.

I raised several issues with them, including a request for an increased shrimp quota for the Baffin fishery, from 1000 tonnes to 1200 tonnes. I explained that this increase would make it more economically viable for our northern fishing industry. As a result of another formal request I made, the council agreed to recommend a groundfish quota for fishing companies in the Baffin.

Mr. Speaker, I offered this government's support to the council's plan for the Canadianization of the fishing industry. This means that we are in favour of as many Canadian-owned boats and crews as possible. In doing so, I received general support for my appeal to streamline immigration procedures for foreign shrimp fishermen who serve as crew members while northerners are being trained.

Mr. Speaker, it gives me great pleasure to inform the House that the Atlantic Council of Fisheries Ministers have agreed to hold their next meeting in the Northwest Territories. At the end of July, we will host the meeting in Iqaluit, which will provide a forum to demonstrate the rich opportunities of the northern fishing industry.

MR. SPEAKER: Thank you, Mr. Minister. Ministers' statements. Mrs. Marie-Jewell.

Ministers' Statement 53-88(1): Appointment To The Advisory Council On The Status Of Women

HON. JEANNIE MARIE-JEWELL: Thank you, Mr. Speaker. Mr. Speaker, I am pleased to advise the Members that I am appointing Ms Barbara Jo May of Hay River to the Advisory Council on the Status of Women for a three year term.

Ms May is a community services librarian for the NWT Public Library Services. She has her degree in library services and has worked as a children's librarian as well as a university librarian. She has travelled to all regions of the North with her work in the development of regional library systems and in the training of local library boards and staff.

Ms May is also a member of the Union of Northern Workers and is an advocate of enhancing employment and training for women. She is a member of the Hay River Women's Centre, who are a group of very active women involved in a broad range of interests and who Ms May will be able to consult with and involve, in her role as a member of the Advisory Council.

The other members of the Advisory Council who currently represent women in the North are from the Baffin, Inuvik, Kitikmeot and North Slave regions. Barbara Jo May's nomination will be the first time that there has been a representative from Hay River.

As Minister responsible for the Status of Women, I would like to congratulate Barbara Jo May on behalf of the government and welcome her as one of the advisers on the status of women. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Madam Minister. Ministers' statements.

Item 3, Members' statements. Item 4, returns to oral questions. Mr. Alloo.oo.

ITEM 4: RETURNS TO ORAL QUESTIONS

Return To Question 0157-88(1): Amendments To National Parks Act Affecting Renewable Resources

HON. TITUS ALLOOLOO: Thank you, Mr. Speaker. I have a return to oral Question 0157-88(1), asked by Mr. McLaughlin on February 25, 1988, concerning National Parks Act amendments. In response to the Member's question regarding amendments to the National Parks Act and their implications for my department, I can say that these amendments were reviewed in detail last March and any concerns were made known in a letter to the federal Minister of the Environment.

The amendments were largely aimed at reducing black market poaching of wildlife and controlling townsite expansion in southern national parks. The main concerns raised by the Department of Renewable Resources were that the legal definitions for the words "subsistence activities" and "hunt" were unclear and potentially open to misinterpretation.

We have not heard since from the Minister of Environment on this matter and your question has prompted me in writing to him directly asking for confirmation that our earlier comments were received. I will also inquire as to how exactly they will be accounted for in the final drafting of the amendments before the next reading in the spring session of the House of Commons. Thank you, Mr. Speaker.

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

Return To Question 0277-88(1): Radio Service, Broughton Island

HON. TITUS ALLOOFOO: (Translation) Thank you, Mr. Speaker. I have a return to oral Question 0277-88(1), asked by Mr. Kilabuk on March 23, 1988, regarding radio service on Broughton Island. I received the correspondence, referred to by Mr. Kilabuk, from the Qikitarjuap Nalautinga Radio Society in Broughton Island, requesting financial assistance to replace their local radio studio equipment.

I have sent a response to Charlie Audlakiak, chairman of the radio society, explaining that the money available through our community broadcasting grant program is provided to upgrade radio studio equipment. They received \$6000 last year and are eligible for another \$6000 in April for the 1988-89 fiscal year. This money can be used to purchase material such as turntables, tape cassette decks and mixers.

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

Return To Question 0288-88(1): Diseases In Wood Buffalo Herd, Fort Smith

HON. TITUS ALLOOFOO: Thank you, Mr. Speaker. I have a return to oral Question 0288-88(1), asked by Mr. Gargan on March 24, 1988. He asked a question on disease in the NWT bison population. Wood Buffalo National Park was created in 1922 to protect the small herd of wood bison remaining in the area. Between 1925 and 1928, 6673 plains bison were released into the park to augment the original population. These plains bison came from Wainwright in central Alberta, although some were originally from Montana.

These excess plains bison were already infected with TB and brucellosis at the time of their introduction into Wood Buffalo National Park and passed these diseases on to the resident wood bison population at the time. The animals transplanted to the Mackenzie Bison Sanctuary were tested and quarantined to ensure that they were disease-free prior to their release. The continued surveillance of the herds indicates that their status remains unchanged. Thank you, Mr. Speaker.

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

ITEM 5: ORAL QUESTIONS

Question 0325-88(1): Bargaining Agent For Federal Nurses

MR. RICHARD: Thank you, Mr. Speaker. I have a question for the Minister of Personnel. Earlier this month I wrote to the Minister of Health and the Minister of Personnel with respect to the health transfer. Two issues that constituents have raised with me cause some concern about the health transfer as it affects some of my constituents. One of those issues has to do with the desire of some federal nurses to continue to be represented by the bargaining agent that they now are represented by. My question for the Minister of Personnel is -- and I have had a chance to review his Bill 23-88(1) that he proposed to do second reading of today -- what does the Minister intend to do about the expressed desire of federal nurses to continue to be represented by the Professional Institute of the Public Service of Canada?

MR. SPEAKER: Mr. Wray.

Return To Question 0325-88(1): Bargaining Agent For Federal Nurses

HON. GORDON WRAY: Thank you, Mr. Speaker. The government does not recognize PIPSC as the bargaining agent in the NWT. There is no mechanism to recognize PIPSC as a bargaining agent in the NWT and in January we signed a bridging agreement with the Union of Northern Workers, who will be the bargaining agent for all transferring federal employees.

MR. GARGAN: Point of order.

MR. SPEAKER: Point of order, Mr. Gargan.

Point Of Order

MR. GARGAN: Mr. Speaker, my point of order is with regard to what is known as the sub judice convention. Presently it is in the hands of the courts between the professional nurses and territorial government. I believe that the definition says that in the sub judice convention it states that the House cannot be discussing matters that are now in court, that could prejudice the decisions of the courts. So I would like a ruling on that, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Gargan. I note that you raise your point of order under Rule 35, subparagraph (g)(i). This states, "In debate a Member will be called to order by the Speaker if he refers to any matter that is pending in a court or before a judge for judicial determination." It is hard for the Chair to be aware of all matters before a court or a judge. I will take a short recess to study the matter and consult with our Law Clerk, as I feel it should be ruled on as soon as possible. The House will take a short recess.

---SHORT RECESS

Speaker's Ruling

The House will come back to order, please. I have reviewed the point of order raised by Mr. Gargan. As I stated previously, the rule in question is Rule 35(g)(i) which states that in debate a Member will be called to order by the Speaker if he refers to any matter that is pending in a court or before a judge for judicial determination. I have determined that the issue of which union is to represent the nurses was heard by the Supreme Court of the Northwest Territories and is now on appeal. Accordingly, applying these factors to our very strict rule, I must uphold Mr. Gargan's point of order. In upholding the point of order, I would remind Members that my ruling is to be applied narrowly. Questions concerning nurses that do not have an aspect to them that pertains to union representation will be allowed. Item 5, oral questions. Mr. Richard.

MR. RICHARD: Mr. Speaker, a question for the Minister of Personnel.

HON. GORDON WRAY: Be careful.

MR. McLAUGHLIN: Lawyers can think on their feet; we all know that.

Question 0326-88(1): Delay Of Transfer For Court Decision

MR. RICHARD: Given that the matter is before the court, is the Minister of Personnel prepared to delay the issue of the transfer of federal nurses until the final outcome of the court case?

MR. SPEAKER: Mr. Minister.

HON. GORDON WRAY: I will take that question as notice, Mr. Speaker.

MR. SPEAKER: The question is taken as notice. Item 5, oral questions. Mr. Richard.

Question 0327-88(1): Inconsistencies In Employment Offers To Nurses

MR. RICHARD: Mr. Speaker, a question on the federal transfer involving nurses but nothing to do with the union representation. Constituents of mine who are nurses have advised me that they have received offers of employment from the Government of the Northwest Territories which contain many inconsistencies. For example, community health nurses in Yellowknife and Inuvik are being offered terms of employment, particularly salaries and benefits, that are less beneficial than their counterparts doing the same work in the communities of Hay River, Fort Simpson and Fort Smith.

AN HON. MEMBER: Shame, shame!

MR. RICHARD: I advised the Minister of Personnel of this earlier this month. What is being done about these inconsistencies? Thank you.

MR. BUTTERS: Nothing.

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

HON. GORDON WRAY: Mr. Speaker, I will take that question under notice.

MR. SPEAKER: The question is taken as notice. Oral questions. Mr. Ernerk.

Question 0328-88(1): Access To Hospital Facilities For Keewatin Residents

MR. ERNERK: Thank you, Mr. Speaker. On Monday, March 28th, I put the question to the Minister of Health with regard to the make-up of Churchill Health Centre Board. In light of the fact that the government is faced with this municipal legislation of Manitoba which restricts majority representation from another jurisdiction and in light of the fact that a new hospital is soon to be completed for occupancy in Yellowknife, is the government planning to make the new hospital in Yellowknife a territorial hospital, so that our people from the Keewatin Region could come here rather than go to Churchill or Winnipeg?

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

HON. NELLIE COURNOYEA: Mr. Speaker, I would like to take that question under advisement, mainly because I have been in discussion about that this morning and, because of other matters, I was not able to conclude that particular question.

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

Question 0329-88(1): Assistance To Hunter For Loss Of Skidoo

MR. KILABUK: (Translation) Mr. Speaker, my question is directed to the Renewable Resources Minister. I received a phone call today from my community from an individual who is a hunter. He just purchased a skidoo and he still owes some money on it. While he was on a polar bear hunt, he went through the ice and lost the skidoo, about two weeks ago. The Hudson's Bay cannot replace that equipment. Can the Minister indicate to me how this hunter can be assisted? Would you be able to look into this? Thank you.

MR. SPEAKER: Mr. Minister.

HON. TITUS ALLOOLOO: (Translation) Thank you, Mr. Speaker. I could look into this and I will respond to you later as soon as I have the information. Perhaps tomorrow. Thank you.

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

Question 0330-88(1): Status Of NWT Residents Born Outside The NWT

MR. ERNERK: Mr. Speaker, thank you. My question is to the Minister of Health. The principle of the matter is to be born in the NWT. Some years back a debate took place in this House with regard to requesting the Government of Manitoba in making birthing rooms in the hospitals in Winnipeg as well as Churchill, as NWT. Is the Minister negotiating or discussing those possibilities in the two hospitals in Winnipeg and Churchill for the people of the Keewatin Region?

MR. SPEAKER: Thank you, Mr. Ernerk. Madam Minister. Mr. Ballantyne.

Return To Question 0330-88(1): Status Of NWT Residents Born Outside The NWT

HON. MICHAEL BALLANTYNE: Yes, Mr. Speaker. If I understand the question, I think it may have two parts but regarding the part of the status of people who, for whatever reason, were not born in the Territories, I think we have handled that and I think it is recognized right now that people who might have been born in hospitals outside of the Territories do not lose any rights because of it. I think we have dealt with that already. Thank you.

MR. SPEAKER: Thank you, Mr. Ballantyne. Mr. Ernerk.

Supplementary To Question 0330-88(1): Status Of NWT Residents Born Outside The NWT

MR. ERNERK: Mr. Speaker, the problem is with Manitoba birth certificates and not NWT birth certificates. That is why I asked the question, Mr. Speaker, with regard to asking the Government of Manitoba to make some birthing rooms in Manitoba hospitals NWT birthing rooms so that our people from the Keewatin Region will receive, with no difficulty whatsoever, NWT birth certificates. I might indicate, Mr. Speaker, that during World War II the Queen of the Netherlands was born in Ottawa just so that she could be Dutch. Do you understand my question now, Mr. Speaker?

MR. SPEAKER: Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: I understand the honourable Member's question. My understanding is that in fact we found the mechanism to achieve that but I will take the question as notice and get back to the Member with exactly what has been done.

MR. SPEAKER: The question is being taken as notice. Oral questions. Mr. Ernerk.

Question 0331-88(1): Action On British Fur Labelling Initiative

MR. ERNERK: Mr. Speaker, qujanhamiik. (Translation) My question is to the Minister of Renewable Resources. Recently, in Alaska, we heard on the news the fact that you were going to England. The decision was made not to go ahead to England because of security reasons. Can the Minister indicate to me when he will make an attempt to go to England along with those people that he was going to be going with? Thank you.

MR. SPEAKER: Mr. Minister.

Return To Question 0331-88(1): Action On British Fur Labelling Initiative

HON. TITUS ALLOOLOO: (Translation) Thank you, Mr. Speaker. You probably heard the CBC news when I was interviewed. We did not decide not to go because of security reasons. The reason was the Greenland government agreed to intervene with the Government of Great Britain to try to delay this issue that was going to be discussed. The Danish government is a member of the European Economic Community and they delayed this for three months. I would like to attend that meeting. I will be asking this House during the caucus if those people who were going to go to England would still like to go or if they do not want to go, if there is somebody else. I would like to go to England after this House is concluded and before June. Thank you.

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

Supplementary To Question 0331-88(1): Action On British Fur Labelling Initiative

MR. ERNERK: (Translation) Supplementary, Mr. Speaker. During the beginning of our meetings he stated in this House that he informed Joe Clark. He responds now that the Greenland people intervened. When is this government, Mr. Speaker, going to be able to stand on their own feet, or are they going to depend on the other governments from different countries?

MR. SPEAKER: Mr. Minister.

Further Return To Question 0331-88(1): Action On British Fur Labelling Initiative

HON. TITUS ALLOOLOO: Thank you, Mr. Speaker. I wish to inform the Member that this initiative by the British government has a lot of potential to hurt the industry that is carried on mainly by the native people of the NWT and other parts of Canada. Because we are dealing with the large picture of the economic future of the native people, we have to deal through External Affairs, Joe Clark; also, we do not have an agreement with EEC to delay their initiative. We are using the best means that we see and the best methods to have an impact that will be positive for our efforts. We are not only dealing with the NWT, we are dealing with Canadian legislatures through Joe Clark's office. Since we are also dealing with a foreign country, we have to use other people who know the ropes better than we do. There is a possibility that the whole country of Canada will get together on this issue to have a better impact on the British government. Thank you.

MR. SPEAKER: Thank you, Mr. Minister. Oral questions. Item 6, written questions. Mr. Nerysoo.

ITEM 6: WRITTEN QUESTIONS

Question W26-88(1): Employment Status Of Medical Staff On Transfer Of Health Services

MR. NERYSOO: Thank you, Mr. Speaker. This is a question for the Minister of Personnel. In light of the Minister taking Mr. Richard's question as notice, I would ask the Minister to provide the additional information in his response. Would the Minister of Personnel advise this House of the following: 1) What the status is of nurses accepting positions of employment with the GNWT? 2) How many letters of offers are outstanding? 3) What is the status of hospital staff and medical professionals, including non-union positions, accepting positions of employment with the GNWT? 4) How many letters of offers were made, and how many are outstanding as of today? 5) How many medical professionals have refused employment, and how is the government filling these positions? 6) What solution is the government proposing for those nursing stations that may find themselves without any staff in mid-April, 1988? This is for the Minister to provide that additional information. Thank you.

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

ITEM 11: TABLING OF DOCUMENTS

MR. PUDLUK: Mr. Speaker, I wish to table Tabled Document 114-88(1), a letter to me received yesterday from the Community Education Committee, Nanisivik, regarding cutback in the number of teachers. Thank you.

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

MR. ERNERK: Thank you, Mr. Speaker. I wish to table Tabled Document 115-88(1), a letter dated March 18th, 1988 to Members of the House of Commons, London, England, with regard to fur labelling. The intent of the letter is that the hamlet council of Coral Harbour strongly objects to the labelling of trapped furs. It is from the mayor, Jackie Nakoolak, with copies to Thomas Suluk, myself and Hon. Titus Allooooloo, Renewable Resources, Yellowknife.

MR. SPEAKER: Thank you, Mr. Ernerk. Tabling of documents. Mr. Ernerk.

MR. ERNERK: Mr. Speaker, I wish to table Tabled Document 116-88(1), a letter I received today from the North Slope Higher Education Center, Barrow, Alaska. I would also like to table the following documents: Tabled Document 120-88(1), A Presentation on Native American Participation in Local Political Structures: An Alaska Native Case; Tabled Document 119-88(1), Community Participation in Rural Alaska Education; Tabled Document 118-88(1), Achievement and School Effectiveness: Three Case Studies, a report to the Alaska Department of Education; Tabled Document 117-88(1), Patterns of Control in Rural Alaska Education. Thank you.

MR. SPEAKER: Thank you, Mr. Ernerk. Tabling of documents.

Item 12, notices of motion.

Item 13, notices of motion for first reading of bills. Item 14, motions. Motion 18-88(1), Additional Sitting Hours. Mr. Ballantyne.

ITEM 14: MOTIONS

Motion 18-88(1): Additional Sitting Hours

HON. MICHAEL BALLANTYNE: Thank you, Mr. Speaker.

WHEREAS it has been the practice of this House to permit the Speaker, when required, to set additional sitting hours of the House at his discretion;

NOW THEREFORE, I move, seconded by the honourable Member for Inuvik, that the Speaker be authorized to set such additional sitting hours as he may consider necessary in order to effectively carry out and conclude the business before the House.

Thank you.

MR. SPEAKER: Thank you, Mr. Ballantyne. Your motion is in order. To the motion. Mr. Ballantyne, as the mover of the motion.

HON. MICHAEL BALLANTYNE: Thank you. Only to say, Mr. Speaker, that we have some very important legislation that must be concluded by midnight tomorrow night, and the Executive Council and I hope other Members feel it is important that the Speaker be allowed some discretion so that we can set extra hours, either today or tomorrow, to make sure that we conclude this very important business. Thank you.

MR. SPEAKER: Thank you, Mr. Ballantyne. As seconder of the motion, Mr. Butters.

MR. BUTTERS: I am quite sure every Member in this House is aware that we have important business to conclude before the 31st and we do not have to be told. But I would say that, Mr. Speaker, in using your discretion when this motion is passed, that you will remember that we have a long day. We start early in the morning and we go late at night so if you could look at maybe using the mornings or tomorrow morning. We will give up our committee time rather than work late into the evenings.

MR. RICHARD: Not all of our committees though, just that one important one at 9:00 a.m.

MR. SPEAKER: Thank you, Mr. Butters. To the motion. Mr. Zoe.

MR. ZOE: Mr. Speaker, just a point of clarification. Is this for the duration of the whole session or is it specific until we conclude tomorrow night?

MR. SPEAKER: Mr. Zoe, for clarification, this would be for the remainder of this session. To the motion. Mr. Zoe.

MR. ZOE: Mr. Speaker, can I get a copy of the motion, please?

MR. SPEAKER: To the motion. Mr. Zoe.

Amendment To Motion 18-88(1), Carried

MR. ZOE: Mr. Speaker, I would like to make an amendment to the motion. To include after the words "the House", the words "which is required to be concluded by March 31st". Thank you.

MR. SPEAKER: Mr. Clerk, can I have the amendment written out please? The amendment reads, "To insert immediately after the words 'the House', the words 'which is required by March 31, 1988'." The amendment is in order. To the amendment. Secunder is Mr. Angottitauruq. The amendment is now in order. To the amendment.

SOME HON. MEMBERS: Question.

MR. SPEAKER: Question is being called. All those in favour of the amendment? Opposed, if any? The amendment is carried.

---Carried

To the motion as amended.

SOME HON. MEMBERS: Question.

Motion 18-88(1), Carried As Amended

MR. SPEAKER: Question is being called. To the motion as amended. All those in favour? Opposed, if any? The motion as amended is carried.

---Carried

Item 15, first reading of bills. Item 16, second reading of bills. Mr. Wray.

ITEM 16: SECOND READING OF BILLS

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

HON. GORDON WRAY: 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 second time. The purpose of this bill is to change the name of the "Northwest Territories Public Service Association" to the "Union of Northern Workers".

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

---Carried

Bill 21-88(1) has had second reading. Mr. Clerk, Bill 21-88(1) is ordered into committee of the whole for today. Item 17, consideration in committee of the whole of bills and other matters: Report of Standing Committee on Finance on the 1988-89 Main Estimates; Bill 1-88(1), Appropriation Act, 1988-89; Bill 25-88(1); Bill 7-88(1); Bill 20-88(1); Tabled Document 113-88(1); Bill 6-88(1); Bill 11-88(1); Bill 29-88(1); and Bill 21-88(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 6-88(1), LOAN AUTHORIZATION ACT, 1988-89; BILL 11-88(1), BORROWING AUTHORIZATION ACT, 1988-89; BILL 29-88(1), INTERIM APPROPRIATION ACT, 1988-89; REPORT OF STANDING COMMITTEE ON FINANCE

Bill 20-88(1), Northwest Territories Energy Corporation Act, And Tabled Document 113-88(1)

CHAIRMAN (Mr. Zoe): The committee will come to order. Yesterday when we concluded the clause by clause study of Bill 20-88(1), Northwest Territories Energy Corporation Act, as requested by the committee, we did not vote on each clause. We made amendments which are incorporated as requested by Mr. Gargan yesterday. It is already in your books; the amendments are in the books already. At this time, what is the committee's wish? To deal with Bill 20-88(1)? Mr. Richard.

MR. RICHARD: Mr. Chairman, I would ask that Minister Cournoyea be permitted to have her witnesses back in. I would like to receive a response to a question I asked Mr. Nielsen two days ago about the amount of utilities revenue that NCPC currently receives that originates from our government. I would like a response to that question. I also, sir, would like to move motions to amend two clauses of the bill but I would like to have some discussion with the Minister and her officials before I move those motions.

CHAIRMAN (Mr. Zoe): Does the committee agree that we call in the government witnesses?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Zoe): Thank you. Ms Cournoyea, you may bring in your witnesses. Ms Cournoyea, do you have your witnesses here? If your witnesses are not here at this time, maybe we can take a short recess.

HON. NELLIE COURNOYEA: Mr. Chairman, Ms Bentivegna is on her way now. Here she is, and Mr. Nielsen.

CHAIRMAN (Mr. Zoe): Mr. Richard, will you repeat your questions to the witnesses?

Proportion Of NCPC Revenues Originating From Government

MR. RICHARD: Mr. Chairman, a few days ago I had asked for some information as to the amount or proportion of the total NCPC utility revenues that originates with our government, either directly or indirectly. I am expecting that it is a substantial portion of the NCPC revenues. I just think that should be put in context as to what we are about on this takeover. Mr. Nielsen, I believe, two days ago undertook to find that information. Yesterday, also on another matter, I recall that he undertook to provide Members with a copy of the current rate structure of the commission.

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

MR. NIELSEN: Mr. Chairman, our review by our Department of Public Works has identified that approximately \$11,500,000 was paid by our government in the 1986-87 fiscal year for electrical power to NCPC. I have a request in to NCPC to confirm that amount, but as yet, I have not received a reply.

CHAIRMAN (Mr. Zoe): Mr. Richard.

MR. RICHARD: Mr. Chairman, do I assume correctly when I assume that that figure does not include the moneys paid by the Housing Corporation to NCPC?

CHAIRMAN (Mr. Zoe): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, that is correct. That does not include the Housing Corporation.

CHAIRMAN (Mr. Zoe): Mr. Richard.

MR. RICHARD: Could the deputy minister of Finance venture a guess? My guess would be it would be that much, if not more again, that the Housing Corporation through the associations and authorities pays to NCPC for electricity.

CHAIRMAN (Mr. Zoe): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, I would not like to venture a guess, but as I indicated, I do have confirmation of those figures under way and I expect that those figures, when they arrive, will identify the GNWT in total and that may, in fact, happen in the next several minutes.

CHAIRMAN (Mr. Zoe): Mr. Richard.

MR. RICHARD: I think we will be here for a few minutes. What about the information requested on rate structure, Mr. Chairman?

CHAIRMAN (Mr. Zoe): Mr. Nielsen.

Current Rate Structure Of NCPC

MR. NIELSEN: Mr. Chairman, we have pursued the question of rate structure. In the question by the honourable Member yesterday, I guess we had assumed that we would be looking at perhaps a one or two page summary describing how the rate structure worked and there really is not such a document

available. However, there is a summary document that is prepared periodically by NCPC which identifies the rates in each community by the customer class and by the community and also identifies all the terms and conditions of service. That document was provided to the Public Utilities Board yesterday and is available. We could provide it to all the Members. However, it has approximately 40 pages just of schedules of rates by community. I should point out there is no rationale provided in the document for the rates provided to each community. As I say, they are specifically set for each community for each customer class. I understand that rate structure has not changed since approximately 1983. There may have been some rates in some communities that have changed a little bit, but the overall rate structure has not changed for some time.

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

MR. RICHARD: Mr. Chairman, I would like to have a copy of it even though it is 40 pages. Could I ask the Minister, regarding these rate structures that Mr. Nielsen says have been in existence and have not been changed since 1983, and given that Bill 20-88(1) provides that the rates will be frozen until October 1989, is it the intention of the government to continue with the rate structure that has been in place since 1983, to leave those alone, as well, until October 1989?

CHAIRMAN (Mr. Zoe): Madam Minister.

HON. NELLIE COURNOYEA: Mr. Chairman, at this point in time there is no intention on our part to change those rate structures and if for some reason we had to, then we are giving a commitment to this Legislative Assembly that they will know about it three months ahead of time.

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

MR. RICHARD: Thank you, Mr. Chairman. That is fine on those issues. I will wait for the information on utility expenditures of our government and the Housing Corporation.

Mr. Chairman, I would like to turn to other matters. As I indicated yesterday, Mr. Chairman, I wanted to have input from the Consumers' Association. There is a national group called the Consumers' Association of Canada who have a fairly active branch in the city of Yellowknife. And as I indicated, I provided a copy of Bill 20-88(1) to them after it became a public document last Friday afternoon. They have had the bill reviewed by one of their utilities specialists at their national office. I have just received communication from their national office that, on their very quick review of Bill 20-88(1), from the perspective of consumers, which is what their own mandate is, they have two problems, in particular, with the bill. Since I have received this letter within the hour and given the Minister a copy, I do not know if she and Mr. Nielsen have had a chance to review it.

Observations Of Consumers' Association Of Canada

Firstly, Mr. Chairman, if I could proceed to deal with these two observations in turn. The first one is with respect to clause 16, subsection 15.1(3) on page five of Bill 20-88(1); this would be the new 15.1(3). It is provided in our Bill 20-88(1) that no matter what it says in the Public Utilities Act, the corporation, when it comes to establishing rates, shall be entitled to a rate of return on its equity that is equal to the rate of return that is enjoyed by a private sector utility in a situation of similar risk. Now the observation of the Consumers' Association of Canada is that the test, if you will, or measure of return on equity is going to result in too high a rate of return. Mr. Chairman, I understand from the comments of the last few days that notwithstanding the commitment to the federal government that the Minister and Executive will consider options for privatization within six months, at the moment we have a territorial Crown corporation, and the Consumers' Association observation on the return on equity issue is even more important when we consider that this is a Crown corporation, but they tell me that they would take a similar position even if it were a private utility company.

The current clause in the bill, stating that the return on equity will equal the rate of return earned by a private sector utility in similar circumstances -- I am told that this method of establishing a return on equity is referred to as the comparable earnings method.

Mr. Chairman, in a nutshell, they are saying that the fact that other utility companies elsewhere in Canada may be making excessive profits should not be a reason to cause our rates to go up or be too high, and they say that the test instead should be that the Power Corporation be entitled to a

return on equity that is equal to its cost of capital and that will be, if I get to it, sir, my amendment; that that section simply be amended to read, "entitled to a rate of return on equity equal to its cost of capital".

The Consumers' Association of Canada tell me that the method proposed by Bill 20-88(1) produces an allowed rate of return on equity that exceeds a fair rate of return and in the view of the Consumers' Association of Canada a fair rate of return is one that is sufficient to assure investor confidence in the financial integrity of the company, to maintain a credit line and the ability to attract capital on reasonable terms.

So, Mr. Chairman, with that I would ask for some response from the Minister or her officials. Thank you.

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

Utilities Expert Contacted

MR. NIELSEN: Mr. Chairman, in determining what the wording for this section should be, we contacted a utilities expert, an individual who provided advice to both consumers' associations and to public and private sector utilities, considered to be perhaps one of the most renowned utilities experts in Canada, and it was his advice that we use the approximate wording that we have now used in the legislation.

He also provided us with a summary of decisions of public utilities boards across Canada in the last year or two and identified that the decisions of those public utilities boards were being made along the lines of the wording proposed in this section. Now there are a number of reasons for this. Certainly the proposal by the Consumers' Association of Canada may have merit from the point of view of the consumer if the cost of capital to the corporation is below what might be considered to be a normal rate of return to a utility, which happens to be the case today. That was not true four or five years ago. On that basis, for example, if that section had been in the act when interest rates were approximately 20 per cent, then it would be deemed appropriate for the utility to earn approximately 20 per cent as well, and I do not think that that is something that the government wishes to do.

The other issues involved here, of course, are that, number one, the Government of the Northwest Territories must earn a rate of return which is sufficient to cover the dividends which will eventually cover the payment of the subsidy. Secondly, the corporation must earn a rate of return that will be sufficient for it to finance its working capital. Thirdly, the legislation provides, as amended yesterday, I believe, that the dividends beyond those required for the corporation to pay for the dividends shall remain within the corporation.

So, in fact, this will have no pressure on rates -- it should have no pressure on rates. Assuming that the retained earnings remain in the company and assuming that there were retained earnings above what was being required to finance working capital, then those retained earnings could be used to finance capital expenditures which in the long run will reduce the cost to the consumer.

So, it was our opinion that the wording that we have in the act presently is the more appropriate wording and the wording as proposed by the Consumers' Association, which was considered in our review before we put the wording in the act, is quite inappropriate for the organization that is being formed by this government.

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

Public Utilities Act Protects Public

MR. RICHARD: Mr. Chairman, that was quite a bit of verbal gymnastics. I would like to explain to Members, because I am going to move the motion to ask that the Consumers' Association definition or provision on return on equity be adopted, that the biggest problem we have here, Mr. Chairman, is the rush to do this business and I am going to acknowledge, for the record, I am not certain what the definition should be. Mr. Nielsen has got his expert and I have got mine. I guess it is a matter of trust...

MR. BUTTERS: The expert you know, the devil you know, sir.

MR. RICHARD: ...and, I am sorry, but it is too rushed for me to trust that their expert has reviewed the entire picture. This section we are dealing with, just so that Members are clear, the purpose of a public utilities act, both in the Northwest Territories and elsewhere, is to protect the public from utility companies charging rates that are too high. The government is asking us to pass a clause that says, in effect, no matter what the Public Utilities Act says, this is what this corporation will be entitled to charge.

Now, if they were just going to do the normal course of events and let a regulatory agency decide what is fair, I would not bother with it, I would not waste five minutes on it, but they are in this legislation saying, "We are not going to let any outside agency decide what is fair. We are going to push through some expert's definition of what is fair." Now, I would have to get Hansard and spend half an hour of my time to try to interpret what Mr. Nielsen just said, but I have in front of me a letter from a very reputable citizens' organization and it says that the definition in Bill 20-88(1) is going to result in a rate of return on equity that exceeds a fair rate of return.

Motion To Amend Clause 16, Bill 20-88(1)

So, Mr. Chairman, I would move that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act, be amended by deleting subsection 15.1(3) of clause 16 and substituting, "(3) notwithstanding the Public Utilities Act, for the purpose of establishing rates, the Corporation shall be entitled to a rate of return on equity equal to its cost of capital." Thank you.

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

MR. BUTTERS: I would like to see the motion. Is it translated?

CHAIRMAN (Mr. Zoe): The motion is only in English, not translated into aboriginal languages. Would you want a copy of a translation? You want to see one of the aboriginal translations, Mr. Butters?

MR. BUTTERS: I think a motion of this complexity should be translated.

CHAIRMAN (Mr. Zoe): I assume you are requesting the Chair to make translations available, Mr. Butters. Do you also want it translated into Inuktitut? Okay. The Chair will recess for a few minutes until translation is complete.

---SHORT RECESS

CHAIRMAN (Mr. Angottitauruq): The committee will now come back to order. All the Members have the translated copy of the motion and the amendment is to clause 16, subsection 15.1(3). To the motion. Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. At the risk of repeating myself, I would ask Members to support this motion. Mr. Chairman, with respect to this utility company that initially the GNWT is going to own -- it is going to be a Crown corporation -- the government is asking us to approve a situation where we will not have a public, independent regulatory agency passing judgment on what should be the rate of return, as is the case in other jurisdictions.

This clause says we are going to tell the Public Utilities Board how the corporation will calculate its rate of return. So in effect, Mr. Chairman, this Legislature has become a public utilities board. Because the argument that Mr. Nielsen and I -- actually it is not Mr. Nielsen and I, it is Mr. Nielsen's expert and the Consumers' Association of Canada -- have on this point, is normally an argument that is made and argued and debated in front of a public utilities board. They have more knowledge, with all respect to you and the rest of my colleagues, than any of us in this room or around this table, the 24 of us. Normally the public puts their trust in a public utilities board to decide what should be the definition of return on equity. This government is saying, no, we are not going to give it to the Public Utilities Board of the NWT. So that, then, makes this Legislature a public utilities board.

Two Definitions Of Fair Rate Of Return

So as one member of the public utilities board in this room, I have in front of me two arguments for a fair rate of return. One is from one gentleman whom I do not even know or know what his background is, whether he is biased in favour of high profits or not. I do not know who he is.

And I have another on the stationery of the Consumers' Association of Canada. I am being asked before midnight tomorrow night to make a decision on these two submissions that are made to me as a member of this public utilities board.

I am sorry. If I have to decide this afternoon I am going to take the one that comes from the Consumers' Association of Canada, because those arguments are as follows. The government's definition of rate of return in Bill 20-88(1) will produce a rate of return on equity that will exceed a fair rate of return, and in the context of a Crown corporation they argue that the return on equity should not be established in this manner. They argue that a fair rate of return is one that is sufficient; all you need is a rate of return that is sufficient to assure investor confidence in the financial integrity of the company and specifically, a public utility company should earn a return on equity that simply allows it to raise the capital necessary to meet the demand for its services. That is called cost of capital. And that is the definition that I am asking to be put in in my motion.

From the consumer's perspective, a return in excess of that rate burdens the consumer with prices which are excessive and causes an unjustified transfer of income from the consuming public -- and this is the crux of it, Mr. Chairman -- an unjustified transfer of income from the consuming public to the shareholders of the utility. In this case the shareholder is the Government of the NWT. Why should an excessive electricity price be transferred from the consuming public to the territorial government? This is quite apart from all of the fancy phrases that Mr. Nielsen uses, that we provide a fund to fund the subsidy programs of three million dollars a year which the federal government is now funding. We can still do that with this formula that is being proposed.

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

MR. BUTTERS: Mr. Chairman, I have trouble dealing with this faceless expert from Ottawa who has had a lot less time than even I have to examine this bill, who comes up with all those words of wisdom about a fair rate of return. I doubt that the expert that Mr. Richard is holding out to us compared the definition or looked at the definition of return on equity which we were voting on, the definition which is in the act says, "The corporation shall be entitled to a rate of return on its equity equal to the rate of return earned by a private sector utility in situations of similar risk." I would be willing to risk that the individual expert that Mr. Richard is referring to has never been in situations of similar risk and does not know exactly how NCPC operates.

Subsidy Factor At Risk

What I am concerned about here -- and I can understand the definition -- but I am concerned that we are going to jeopardize the subsidy factor. I am not going to risk that subsidy factor. Mr. Richard lives in a community in which the rates are very reasonable. But I live in a community where the rates are bloody high, and I do not want to jeopardize that subsidy factor. I think that if we put this definition in, we may possibly remove the subsidy factor. Now we have legal counsel here who does not really want to talk about this because they are not versed in the utility law. I do not know if Mr. Richard is versed in utility law, but I do not want to take that risk. I am going to vote against this motion.

CHAIRMAN (Mr. Angottitauruq): To the motion. Mr. Patterson.

HON. DENNIS PATTERSON: Thank you, Mr. Chairman. I would like to point out that this particular act has been some considerable time in development and I would like to assure Members that cabinet did rely on the advice of a foremost financial expert on public utilities in this country; not a general counsel of a consumers' association living in Ottawa.

Mr. Chairman, I certainly do not pretend to hold myself out as an expert on this complicated matter, but I do want to respectfully question Mr. Richard's assumption that the proposed laws will result in excessive rates. I would like to make it very clear to the Members, Mr. Chairman, that private sector utility companies in Canada are regulated by public utilities boards and so we are comparing the rates of return earned by regulated private sector utilities in Canada with the proposed rate of return of the new energy corporation. So, Mr. Chairman, I would wonder at Mr. Richard's assumption that regulated private utilities in this country are earning excessive rates of return, because that is pretty well what he is saying, Mr. Chairman, that this is a licence to allow our corporation to earn excessive rates of return. In our amendment it is being compared with established regulated public utilities companies. So I think the first assumption is very questionable.

Excess Earnings To Be Applied To Capital Investments

Secondly, Mr. Chairman, I would like to point out that -- and I think Mr. Nielsen had stated this earlier and this was strengthened by an amendment which the government supported yesterday -- the earnings of the proposed energy corporation, if they happen to be in excess of the required money to meet the subsidy which Mr. Butters has referred to as being of concern to his constituents and which I can assure the Member is of concern to my constituents -- if the earnings are in excess, by any chance, of the required subsidy, then the earnings must be returned to the corporation. They will be retained by the corporation and section 22.1 says they must be applied to the corporation. And, as Mr. Nielsen points out, they could be, as NCPC is doing in this current year, those retained earnings could be applied to capital investments which would result in the long term in lower costs to consumers in the NWT.

We are going to have to finance hydro developments in Lac la Martre. This corporation is going to have to finance new transmission lines. This corporation is going to have to finance investments which will in the long run lower energy costs in the NWT. The Members can be assured that earnings in excess of what might be required for the subsidization will not be lost to the corporation. They will be retained and therefore they will be contributing to reduced costs to consumers.

I would like to also make it very clear, Mr. Chairman, that this corporation will indeed, in the initial stages anyway, subject to considering some private sector participation, be run by the GNWT. I would like to assure the honourable Member that the government is not interested in gouging consumers in the NWT. We have as great an interest and concern as the honourable Member does in keeping utility rates as reasonable and as low as possible. Our constituents demand it.

Mr. Chairman, a final point I would like to make is that, again with the greatest respect to the Member, he is suggesting that the government is trying to take the decision away from the PUB. Mr. Chairman, the section proposed by the government does not take away the ability of the PUB, after the initial transition period, to set rates. The PUB will have the power to set rates. All this section does, in my opinion, is provide a guideline for a range of a rate of return and it must be pointed out, Mr. Chairman, that there is no clear formula for rate of return in Canada on equity by private sector utility corporations. I think an examination of those corporations shows that there are different rates of return allowed by the various public utilities boards depending on the particular situation of that corporation. It could include nuclear power, to hydro power, to very specific situations in the various provinces. So this is not a limiting formula, as I understand it, but rather it indicates a range of a rate of return based on other regulated utilities.

Motion Would Tie Hands Of Public Utilities Board

The motion proposed by the Member, however, Mr. Chairman, is much more specific and much more limiting and I would say with the greatest respect to the Member that it is his motion that would tie the hands of the Public Utilities Board and in effect take the decision on rate completely out of their hands.

The government's proposed section provides a range; the Member's provides basically a rate of return which would amount to the current interest rate that a bank would provide. So for a Member who is concerned about utilities board regulation of the corporation, I think, in fact, his amendment has exactly the opposite effect he has intended. And by voting against this amendment, we will in fact be preserving the right of the Public Utilities Board to set a rate within a certain range.

Mr. Chairman, those are my comments and concerns. And just in closing, I think we should point out that upon careful consideration over the next number of months, the government intends to retain the option of including private sector participation in this corporation. That is something that is going to have to be studied carefully, but there is good reason to believe that we have experience already in the NWT and we have interest from experienced private sector participants in the NWT in participating and purchasing equity in the energy corporation. This could result in advantages to the public of the NWT because it would reduce the burden of the debt load on the government and would result in an infusion of capital which could assist with the investment that we know will have to be made in order to provide up-to-date, modern and efficient power delivery in the NWT.

Motion A Disincentive To Private Investors

Mr. Chairman, again with respect to the Member, I do not know whether he opposes the option of private sector participation or not, but I believe that this clause proposed by the Member would result in disincentives to private investors possibly participating in the corporation. Because, in effect, what you would be saying is: The return shall be no more than that which is available from investing one's money in a bank. So I think that is another factor that should be borne in mind by the committee.

Considering all these factors and considering that, as Mr. Butters has said, we are asked to accept advice from a general counsel for a consumers' association based in Ottawa on very short notice, I would ask the Members to accept the fact that these matters have been extremely carefully researched, options have been weighed, including the option that the Member suggested, and the best advice from the foremost experts that were retained by our government at considerable expense, is that the clause proposed by the Minister is the best clause.

Mr. Chairman, I regret that we are on a tight time frame to consider this matter. The reality is that approvals from the federal cabinet have only been quite recent. It is not our particular desire that this matter be presented to the House on such short notice, but I would like to assure the honourable Members of this committee that the government has been actively considering this matter for some three years and we have been carefully weighing options and reviewing this legislation for some considerable time. We have retained independent experts; we have retained experts who have run utility corporations in other parts of the country and we are confident that this is a sound amendment. So I would urge Members to vote against the motion.

CHAIRMAN (Mr. Angottitauruq): Thank you, Mr. Patterson. To the motion. Mr. Ballantyne.

Legitimate Concerns Incorporated Into Drafts

HON. MICHAEL BALLANTYNE: Thank you, Mr. Chairman. I will not repeat what my colleagues have said, but I want to put on the record the consultation process that has taken place; Mr. Richard has not talked about that. This particular decision has not happened in the last two days. For the last three weeks, in discussions in the standing committee on finance and the standing committee on legislation, we have made 18 drafts of this. We have taken many of Mr. Richard's concerns into the new drafts. Mr. Richard knows that. There have been significant changes after consultation with Members over the last three weeks. There has been a lot of work. We have tried to do this in a consensus way. I think there has been a lot of effort and time put into the consensus approach and I want to assure everybody that the concerns of the Members have been considered and have been incorporated into these 18 drafts. We have had meetings of the joint committees. We have had meetings with the chairman of the standing committee on legislation, the chairman of the standing committee on finance, and they have had very legitimate concerns, so we have made, I think, fairly significant changes to what we had originally proposed. I want to put that on the record. It is not a decision that was made overnight, by any stretch of the imagination.

I want to emphasize the points that were made by the Government Leader. It is a fact, although Mr. Richard might not acknowledge the fact, that in fact by this amendment there is no need for the Public Utilities Board even to deal with it. You told them what they have to do, it is done. Essentially you say the only rate of return we can get is the interest rate that we are charged for our borrowing.

MR. RICHARD: (Inaudible comment)

CHAIRMAN (Mr. Angottitauruq): Order. You have the floor, Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: Well, I beg to differ with the honourable Member.

MR. RICHARD: (Inaudible comment)

CHAIRMAN (Mr. Angottitauruq): Order. I have your name after Mr. Ballantyne, Mr. Richard.

HON. MICHAEL BALLANTYNE: Mr. Chairman, in the period of the last couple of years, I think this legislation has been vetted by many, many experts. I know what Mr. Richard is saying. Mr. Richard, for whatever reason, does not trust any decision of this Executive Council. But that is

for Mr. Richard to decide. But as a Member of this Executive Council and one who has put a lot of time and energy in trying to understand this, because I do not pretend to be an expert, I am satisfied 100 per cent that what we have in front of you provides the safeguards you are talking about. In any way to imply that this Executive Council has any intent to gouge the public, is totally irresponsible and I reject it totally.

HON. DENNIS PATTERSON: Hear, hear!

HON. MICHAEL BALLANTYNE: We have done a lot of work on this one. There are safeguards. For a year and a half, the rates are frozen. We put that in because of the concerns of the committees. After that time, any changes have to be laid in front of the Legislative Assembly. Those were put in there because of the concerns put forward by Mr. Richard and others. The Public Utilities Board will have full opportunity to analyse a fair rate of return. All we are giving them is a range of other utilities across the country who have been regulated by public utilities boards across the country. Nothing more than that. That is all. The rate of return that other public utilities boards across the country have found to be fair. We are doing nothing more than that in this. So I find that this particular amendment is going to defeat, I think, what we are trying to accomplish after years of work. So I urge Members to vote against the amendment.

CHAIRMAN (Mr. Angottitauruq): Thank you, Mr. Ballantyne. To the motion. The Chair will recognize Mr. Zoe before I recognize Mr. Richard, because he has not spoken yet to the motion.

Request For Clarification In Layman's Terms

MR. ZOE: Wise decision. Thank you. Mr. Chairman, I think I understand the motion that is being put in front of us. On the other hand, I think I understand where the government is coming from also. But I would ask for a point of clarification on the motion itself and also on what is in the legislation. To ask either Mr. Nielsen what is currently being proposed by the government -- or Mr. Richard -- I realize he already spoke to the motion and tried to explain it -- to put it more into layman's terms so that other Members would understand. Give examples as to what is being debated, so that we can have a thorough understanding as to what we will be voting on, and then I will speak to the motion. Thank you.

CHAIRMAN (Mr. Angottitauruq): Mr. Zoe, was that to the motion or another topic? Mr. Nielsen, would you like to have the mike?

MR. NIELSEN: Mr. Chairman, the wording in the bill, as it now stands, provides for full PUB review and provides a guideline to the PUB in establishing the rate of return that the utility is entitled to, on its equity. In doing that, it suggests that the PUB should examine the rates of returns that other PUBs in Canada have been providing to private sector utilities in situations of similar risk.

Purpose Of Subsection

I guess the main purpose of this is to ensure, again, that some guidelines are provided to ensure that the utility is entitled to a fair rate of return on its equity, to ensure that the rate of return on the equity will be sufficient to cover the dividends that the GNWT will require to pay the subsidies back to the corporation, and to ensure that there is a reasonable level of earnings which may be retained by the corporation to reinvest in its working capital. Each year the corporation's inventories and accounts receivable will increase, and each year there is the requirement that additional retained earnings remain in the corporation to finance that.

Now, in addition to that, should that rate of return be more than is required, it also allows the utility to use those extra retained earnings to pay for capital costs of new diesel plants or modifications to current diesel plants and that type of capital investment, which in the long run then reduces rates. It means the company then does not have to go out and borrow funds. I should point out this is the way that approximately the last 20 or so decisions of PUBs in Canada have been handed down to private sector utilities and in many cases, to public sector utilities where those public sector utilities are regulated.

I am not sure that I should speak to the amendment other than to simply indicate that as I understand it, the method we propose provides for a fairly wide range of decision-making by the PUB, in that it would determine a lower rate and an upper rate based on its evaluations of the

kinds of decisions that have been made by PUBs across Canada, whereas the amendment, as I understand it, would restrict the PUB to simply examining the borrowing costs of the GNWT, which is the financing agent for the corporation, and allowing a rate of return identical to that, without any options or without any range of alternatives.

CHAIRMAN (Mr. Angottitauruq): Mr. Zoe.

MR. ZOE: Mr. Chairman, just another point of clarification. In other words, the initial return would be quite high but in the long run we are going to benefit because we will be reinvesting back into our own corporation. Am I correct there? And that excess that we will be charging will also be to cover subsidies that we provide to the consumers, right?

CHAIRMAN (Mr. Angottitauruq): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, I think the general concept is there. I would not like to suggest the use of the word "high", that the rate of return will be high. I think we should suggest it will be fair. It will be a fair rate of return for what a reasonable investor would expect if he was going to invest in this utility.

Board Would Decide Reasonable Rate Of Return On Investment

Secondly, I am not sure that it would be higher or lower than the rate identified on the second page, simply because that would depend on the marketplace. As I mentioned in my earlier remarks, it could very well be that we could see a very dramatic increase in interest rates in the next few years, in which a 15 or 20 per cent interest rate would not be unusual. If that is what it costs us to borrow the money then presumably the PUB would have to charge the same amount. I think what is recommended here, in the legislation we have, is saying that in the marketplace people invest in corporations, they put their money into corporations recognizing there is a certain amount of risk and recognizing that that is a preferred alternative perhaps to putting their money in the bank where they might only earn nine per cent or less, whereas they might earn 12 per cent by investing in a corporation. So as I mentioned earlier, the private sector utility would be expected to be earning a rate of return which attracts investment. That is not necessarily a high rate of return but rather what might be deemed to be a reasonable rate of return and that would be the decision of the utilities board. The utilities board would have the full opportunity to make that judgment.

CHAIRMAN (Mr. Angottitauruq): All I have on my list here is Mr. Richard, Mr. Wray, Mr. Nerysoo and Mr. Lewis. Mr. Richard, to the motion.

MR. RICHARD: Mr. Chairman, let me firstly acknowledge what the screaming Mr. Ballantyne stated, in the midst of many, many other meetings and matters over the last two or three weeks, I have rushed, from being in a meeting with various drafts of the NCPC bill marked "Confidential". I will admit and acknowledge that until the middle of last week I never did complete reading through the then draft Bill 20-88(1), but during the various rushes from meeting to meeting, Mr. Ballantyne and Ms Cournoyea did hear words from people like myself about concerns with the bill. As a result, I believe, of the concerns being expressed by people like myself, they did make desirable changes. One prime example which comes to mind, is that this government intended in its original draft to keep for the cabinet, the setting of rates of NCPC. That was entirely inappropriate in my view and I said so. As a result they are, in this bill, freezing the rates until the PUB passes judgment on the rates. So I acknowledge that.

Changes Proposed For Protection Of The Public

But in the rush of the last few weeks, with the ever-changing drafts and with everything else that we were concerned about, I did not have any opinion -- I did not have an understanding of the effect of this one particular clause. I should not say this one particular one. There are many of them I do not understand. At the earliest opportunity provided to me by the government, last Friday afternoon I sought help in doing my job from people more knowledgeable than myself because my concern is that we are, in this jurisdiction and this is probably the only jurisdiction in Canada that is going to have, or I should say we are going to continue to have, a major utility company functioning without being regulated by a regulatory agency, as is the case in other jurisdictions. So I have more of a concern that I pass legislation in a knowledgeable fashion. All I have done yesterday and today, is what I was trying to do in the two or three week period that Mr. Ballantyne is referring to. I am attempting to make another change to protect my constituents and the public generally, in the NWT. I am trying to do my job.

Mr. Chairman, I see no purpose in debating further with these people. I do not know why I should sit here and have people like the Government Leader totally distort my motion, the meaning of this clause, distort the limitations being placed on the Public Utilities Board. They have not explained, of course, why we in the NWT, the public, should not have the benefit of a public utilities board making the decision that we are being asked to make this afternoon. They have not mentioned that part. We are not talking up to October 1988, we are talking post 1989 by this bill. Mr. Chairman, it serves no purpose of mine or of anyone else in this room, for me to sit here and have them distort what I am trying to do. So I would ask you to call the question on the motion.

CHAIRMAN (Mr. Angottitauruq): Question is being called. What is the committee's wish? We usually have coffee at 3:00 o'clock, maybe we should have a coffee break first. What is the committee's wish? Should we have a break?

SOME HON. MEMBERS: Agreed.

---SHORT RECESS

CHAIRMAN (Mr. Angottitauruq): I will call the committee back to order. We have a motion on the floor. To the motion. Mr. Nerysoo.

MR. NERYSOO: Confusing, confusing, confusing. If I could get a couple of points of clarification from the Minister. Firstly, could the Minister indicate why we are judging the issue of rate of return earned by private sector utilities only and not in any way recognizing public sector utilities?

CHAIRMAN (Mr. Angottitauruq): Mr. Nielsen.

Intent To Set Up Corporation Along Private Sector Lines

MR. NIELSEN: Mr. Chairman, the private sector example is used simply because public sector rates of return in Canada are not good examples. First of all, not all public sector utilities in Canada are regulated and there is quite a variation. Some of these rates of return are next to zero and others are fairly significant. The other thing is that in most public sector utilities in Canada, there is not an equity investment. Governments in Canada, to a large extent, have financed the utilities solely through the use of debt. This is something that is frowned upon by public utilities boards. The intent is to try to set this corporation up as much as possible along private sector lines, such that a public utilities board would be able to make decisions based on comparable private sector utilities, and that is the way this utility would be evaluated.

CHAIRMAN (Mr. Angottitauruq): Mr. Nerysoo.

MR. NERYSOO: Mr. Chairman, could I ask for further clarification? In terms of the issue of rate of return, I would have some concern with the use of private sector utility assessment, because it may be that some of the public sectors that have been established throughout the country may be more reflective of some of the types of utilities we have in the various communities, and the manner in which they do their assessment may be conducive to those particular companies or those particular communities. So I am just asking further if there has been any assessment of where in the public sector utilities, might we find a situation of similar risk?

CHAIRMAN (Mr. Angottitauruq): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, I have made a comprehensive review of utilities board decisions across Canada and also decisions made on rate increases to the public sector utilities. Unfortunately there really are no public sector utilities that would provide good examples. There may be one or two utilities in Canada that might have a similar capital debt structure as is being proposed for this utility, but the rate of return would be inappropriate. So from the point of view of providing guidance to a public utilities board, the public utilities board simply would not be able to have any guidance. So what is being recommended here is a reference point for a public utilities board to examine decisions that have been taken, to exercise their judgment within a fairly wide range of alternatives, but presumably keeping in mind that the utility should be entitled to a fair rate of return on its equity.

CHAIRMAN (Mr. Angottitauruq): Mr. Nerysoo.

Section Appears To Limit Options

MR. NERYSOO: For further clarification, and I do not want to give the impression or indicate that I have any knowledge of what this particular section is, so that is why I am trying to get clarification. From the comments that I have just heard, is this section not also limiting the assessments that may be done by the Public Utilities Board? It seems that the return is based on or equal to the rate of return by a private sector utility and despite the fact it may be a guideline, it may be limiting the ability of a public utilities board to look at the other options that may be available to it.

CHAIRMAN (Mr. Angottitauruq): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, it is certainly my opinion that it is not terribly restrictive. First of all looking at the words, it identifies that the corporation shall be entitled to a rate of return equal to the rate of return earned by a private sector utility. That is the first part, which requires simply that the Public Utilities Board examine decisions that have been taken on rates of return allowed by other public utilities boards over the past few years and on the basis of that, saying we have a range of alternatives. The second part of that phrase, "in situations of similar risk", allows the Public Utilities Board not only to look at previous decisions, but also to examine whether or not, in their judgment, the utilities board operating in the NWT has greater or less risk and should be deemed to have a higher or lower rate of return than private sector utilities operating in different environments.

So quite frankly, in my opinion, the latitude allowed to the Public Utilities Board as a result of this section is fairly great, whereas the latitude allowed to the Public Utilities Board on the section being proposed is very restrictive and really does not allow for any judgment at all, in that it simply provides that the return on equity should not exceed the charges levied by the government for the supply of capital. And those charges would, as I understand it, be equivalent to the cost of capital to the government at that time, which would be a very restricted rate and a very well-defined rate.

CHAIRMAN (Mr. Angottitauruq): Mr. Nerysoo.

Interpretation Differs From What Is Written

MR. NERYSOO: Mr. Chairman, from the explanation given by Mr. Nielsen, if that is the way I could interpret the section, I do not think I would have problems with it, but one does not read that into the section. Secondly, you do not divide the section into two different interpretations, when they are written in the context of one section as legislation. You read it in totality. Your interpretation is very different from what is actually written here. I think that what you said should have been written. It would have been easier to approve the legislation.

The other point I wanted to raise is that I can understand from the perspective of the government what it is trying to accomplish. But I am confused as to where this particular issue of rate of return on equity is placed. Maybe you could explain to me further the reasons as to why, because it has always been my impression that there is direction to be given with regard to rate of return and decisions that result from the Public Utilities Board. It should be placed in the Public Utilities Act and this direction should be given to the board to do the assessments accordingly. And further, that the rate of return on equity should take in a number of other factors that should be clearly identified under the Public Utilities Act: such as cross-subsidization, other methods of payment, those kinds of things.

I really feel that it seems that we have got into a bit of an argument here on a section and personally, I will have to say, in terms of what the government is trying to accomplish, I support what is being said. But in my own opinion and as humble as it might be, I do not get the type of interpretation that you are giving me right now with regard to this particular section. I really do not feel that it should be in this particular act. Maybe you can explain to me as to why this is occurring here and why we are not considering the comments that you made in terms of the interpretation that you have given to us.

CHAIRMAN (Mr. Angottitauruq): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, I was not really trying to break this paragraph down to two different concepts. I was trying to explain my logical thought process...

MR. NERYSOO: ...your logical thought process must be better than the actual wording.

MR. NIELSEN: ...and that is, clearly, this is a concept, and what I was trying to explain is that a PUB would have the full opportunity to exercise its judgment recognizing a range of alternatives related to the rate of return provided by a private sector utility and in recognition, that that would be evaluated against situations of similar risk.

CHAIRMAN (Mr. Angottitauruq): Mr. Nerysoo.

Inclusion In Public Utilities Act

MR. NERYSOO: The other point I raised to the Minister is why was this particular item in the legislation here and not as part of the Public Utilities Act? Personally, having read the documentation, I have no problems with the arguments that have been raised about ensuring an appropriate rate of return. What you have to understand is the rate of return determined by the PUB is based on argument from the appropriate individuals or agencies who participate in the hearing. There are a number of factors on which that return of equity is judged. I am kind of curious as to why it is here and not an amendment or a change to the Public Utilities Act.

CHAIRMAN (Mr. Angottitauruq): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, I think the question is a valid one and it is one that relates to a decision that was taken by the Executive Council. Prior to undertaking the development of this act, the Executive Council considered alternatives. One alternative might be to have a complete section within the Public Utilities Act that would apply strictly to the Power Corporation and another section that would apply to other utilities. It considered having exclusions or exceptions in the wording of the Public Utilities Act, which would not apply to others. The Executive Council deemed it was appropriate to go forward with a very clean Public Utilities Act and if there are going to be any exceptions that those exceptions would be identified within the Northwest Territories Energy Corporation Act, now the Northwest Territories Power Corporation Act.

Now that decision was also taken in light of the fact that the timing of the Public Utilities Act was not known. The other thing that has happened since this amendment was put in this act is that the act has been amended on the recommendations of the various committees to provide for no rate increase until October 1, 1989 and to provide for PUB regulation on that date. Prior to that, the date had been left open. I guess it really becomes a matter of opinion as to when the Public Utilities Act might be introduced and whether that Public Utilities Act, in its final review, would have the clauses that would be appropriate.

So with those few remarks, it seems appropriate, if the Legislative Assembly can agree with the concept at this time, that they be put in this act. That is to say that at a future date when the Public Utilities Act comes in, it would be a fairly simple matter, if it was deemed the Legislative Assembly's desire at that time, to incorporate the same wording in the Public Utilities Act, to do it at that time. And alternatively, it could be deleted or this act could be amended at that time as well. But I think from the point of view of the security of the corporation and for the reasons previously outlined, it would be a mistake not to include this particular section in the act as worded.

CHAIRMAN (Mr. Angottitauruq): To the motion. I have Mr. Wray next on the line. Mr. Wray, would you like to speak to the motion? Mr. Lewis, you are next. To the motion.

Act Written In Direction Of Privatization

MR. LEWIS: Mr. Chairman, we could debate many of the clauses in this act because it is so full of sections that begin with the word "notwithstanding". That is why a lot of people have been bothered about many of the things that they have read in here. But to put this in the context of the motion, Mr. Chairman, it is clear -- and I am glad that Mr. Nielsen confirmed the comments that were made by the Minister yesterday -- that this act has been very clearly written in the direction of privatization. For that reason, it was seen as important to put words in this clause such as "private sector utility" and the word "risk", because if you recall NCPC until now has been unregulated. It has run up a debt of close to \$100 million and I could understand why, when our government looked at taking it over, they wondered how they could make it run as a business. So whether or not we see Mr. Richard's amendment, what we are seeing are things from the point of view

of the 50 million people who are going to be consumers. What the government has to worry about is -- sorry, 50,000. Correction, 50,000 people who are consumers. It is clear from the government's point of view they are worrying about taking on a monster that up until now has been able to only incur huge debts up to \$100 million.

So what we have in here is really something which should be of concern to all Members in the chamber, who over the next few years are inevitably going to see an increase in rates. I do not see any way that is going to be avoided. If you are going to have private capital being injected into this company, they are going to want to have this new environment established in the act, which would make it clear to the PUB that anyone who puts money into this NWT should look at it as though it were an underdeveloped Third World country and they should be setting rates that reflect that fact.

So the "notwithstanding" that we have in many of these clauses has caused many Members to worry about it. That is why we have an amendment today, clearly to have something in here which does not create that environment where the PUB is going to have to look at the higher level of rates, but something which is reasonable. The problem that many of us have though, Mr. Chairman, when we look at the amendment and I agree with many of the comments that have been made so far, is that it is simply substituting a direction and creating a direction for the PUB that it really should be taking itself. For the next year and a half, since the government will be accepting that rates will be frozen, I cannot really see the need. I would have been much happier to have had a motion to see it deleted, or simply just a clause which says that the rates will be established by the PUB and that we will wait for that act when we need it.

Government Avoiding Blame

This particular amendment is a reaction from a Member who is concerned about the 50,000 people who are going to have rates set by a PUB that is going to operate within an environment where there are many private investors who would expect a very good rate of return on their money. And these words direct or caution or are very suggestive to the PUB, when it is established, that this is how they should operate and this is how they should establish their rates. I can understand that the government, as the major shareholder, would not want to be accused, if you like, of wanting to have this high rate of return on government investment so that they can pay the three million dollar subsidy every year. I can see why they would want to have this piece of paper in place, so that when the PUB makes its ruling eventually, the government will be free from blame. "It's not us." I can understand all the reasoning behind what the government has done. I can understand the reasoning behind what Mr. Richard has done, because it is a major concern.

Funding Of NCPC In The Past

Before I finish, Mr. Chairman, I would like to ask just one point of clarification. Maybe experts, with far greater knowledge than mine, could explain to the House how NCPC has been funded in the past. I would suspect that most of the money is federal money and that the debt was to the federal government, but I would suspect also that the only place where they could have got money in the private market would have been through banks. I would want to know if Mr. Nielsen has that kind of information, as to what kind of investment we had in the past, when NCPC was a federal Crown corporation. That would help us to understand what it is that we are taking over and what problems we are going to have to deal with in future.

Having said that and having posed that final question, Mr. Chairman, I shall be, in fact, voting against the amendment, because it does exactly what the government is proposing, which is to have an amendment which ties the hands of the Public Utilities Board and it should be free to do what it thinks is right on the basis of its consultation process with consumers in the NWT.

CHAIRMAN (Mr. Angottitauruq): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, as I understand it, Mr. Lewis has asked whether we could provide information on the rates of return that are currently being earned by NCPC. Is that the question?

CHAIRMAN (Mr. Angottitauruq): Mr. Lewis.

MR. LEWIS: To whom is NCPC indebted? In other words, where has it borrowed money, apart from the federal government? And what is the rate of return?

CHAIRMAN (Mr. Angottitauruq): Mr. Nielsen.

MR. NIELSEN: Mr. Chairman, the corporation has borrowed money only from the Government of Canada at the Crown corporation rate which has been in place over the last several years and that has resulted in rates varying from, I think, as low as five per cent up to approximately 15 per cent. The average rate being paid on that debt is, at this point in time, between nine and 10 per cent, I believe. The corporation's rate of return in 1986-87 was 20 per cent, on equity that had been generated by the corporation retained earnings.

CHAIRMAN (Mr. Angottitauruq): Are there any further speakers to the motion?

SOME HON. MEMBERS: Question.

Motion To Amend Clause 16, Bill 20-88(1), Defeated

CHAIRMAN (Mr. Angottitauruq): Question is being called. All those in favour of the motion? Opposed, if any? The motion is defeated.

---Defeated

Mr. Richard.

Motion To Amend Clause 16, Bill 20-88(1)

MR. RICHARD: Mr. Chairman, I move that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act, be amended by deleting subsections 15.1(2) and 15.1(3) of clause 16.

CHAIRMAN (Mr. Angottitauruq): We have a motion on the floor. To the motion.

MR. RICHARD: This motion would have been a better one for me to have moved earlier this afternoon. It might have spared the rest of you an unfortunate exchange between myself and some of the Ministers. But I do not apologize for making the odd mistake today because my point is, we are being rushed to do this, and it is a very complex bill. I should have moved this motion in the beginning. The point is, these two subsections will not be operative until October 1989 and I question why I and the rest of us should be pressured into making a decision on the wisdom of these two subsections on March 30 when they are not even going to be operative until October 1989.

We know we are going to have, under our rules, at least two more sessions of the Legislature before October 1989 and, Mr. Chairman, I am not sure how Members on this side of the House feel about the motion yet, but I expect that Ministers of the government will support it, because they have told us in the last few days when I have inquired why NCPC is not going to be regulated by PUB the day after the transfer, that it is because the Public Utilities Board needs time to understand the complexities of regulating NCPC. The government themselves need time to draft the appropriate public utilities legislation, and yet they are expecting us to not take time on giving directions, on what directions should be given to the Public Utilities Board. The Executive should be allowed time, a year and a half, to decide how the new Power Corporation should be regulated; the members and staff of the Public Utilities Board should be given a year and a half to get ready to regulate the new Power Corporation; but we 24 people, we are not allowed the time, we have to decide in 24 hours how and in what manner direction should be given to the Public Utilities Board on regulating the Power Corporation after October 1989. Not tomorrow, or Friday, or next week; we are being asked this afternoon to give direction to the Public Utilities Board on how they should regulate or not regulate the new Power Corporation after October 1989.

So these provisions in these two subsections, Mr. Chairman, are not needed until October 1989 and, as I tried to say earlier on the other motion, I have some difficulty with accepting at face value an explanation for clauses that I do not understand. So I am asking that they be deleted and that will give the public, including the Consumers' Association, utility companies, the general public, an opportunity to tell the government, tell the legislators, perhaps sometime before this fall, what sort of directions and restrictions should be provided to the Public Utilities Board as it regulates or does not regulate this particular utility company. Thank you.

CHAIRMAN (Mr. Angottitauruq): To the motion. Madam Cournoyea.

Protection For Ratepayers

HON. NELLIE COURNOYEA: Mr. Chairman, over the last number of months these two clauses were thought out to be the area where the residents and ratepayers had a feeling of security on what would happen, or was about to happen, in the event a public utilities board comes into place. It was not total regulation, but there was a feeling that we would have to put some security in this legislation on behalf of the ratepayers. I know we have gone through it and it is terribly complex, but we tried to think out very carefully and very thoroughly the idea of how we could put this protection in that would not allow a general raping of an agency or what has been in existence. We are not quite sure of the total parameters of this deal with the federal government and what we are getting, and we require that time. If the Public Utilities Board, for example, came into place and we did not have that protection, or if we had come out with a whole series of ideas, there was a feeling that the subsidy, or the cross-subsidy, that has been enjoyed throughout the Northwest Territories for many years had to be addressed in some fashion. These "notwithstanding" clauses are attempts to do that.

Now, on one hand I hope to say I appreciate the concerns of the Member, but I would like to say that these clauses should stay in for the same argument, because in a year and a half we can take them out. We have been putting back and forth and back and forth, over a long period of time, this responsibility that has been directed to the government to carry out on a day-to-day basis, and through the negotiations we have dealt long and hard with the federal government on what is expected if this utility came to the Northwest Territories. I realize that the officials have gone into details on what these mean in a more clinical sense, but in terms of the ratepayers I feel that this extra protection should be there for and on behalf of the consumers. Right now we are dealing with a situation where the hydro communities do pay a little bit more for their power in order that we can secure a cross-subsidization for the higher rate zones, the diesel zones or remote communities. As well there was an additional amount that represented what the federal government had been giving toward this level of low zones and high zones.

Mr. Chairman, I feel that these two clauses should not be taken out in a rush because they were not put in in a rush. I think that if they should be taken out then time should be taken to take them out, and it can be done sometime in the future. So, Mr. Chairman and fellow Members, we have dealt long and hard with this issue and I request of you that you leave these two paragraphs in and take the time to really evaluate and see for yourselves after time and review whether you require them or not. You can do that at a later date. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Angottitauruq): To the motion. Are you ready for the question?

SOME HON. MEMBERS: Agreed.

---Agreed

Motion To Amend Clause 16, Bill 20-88(1), Defeated

CHAIRMAN (Mr. Angottitauruq): All those in favour of the motion, raise your hands. All those opposed? This motion is defeated.

---Defeated

Are there any further general comments before we go clause by clause? Mr. Richard.

MR. RICHARD: Mr. Chairman, I had one other point that was brought to my attention by the Consumers' Association of Canada. And I had intended to bring it up since they are not going to have an opportunity to bring it before a public regulatory agency, but with the reaction I am getting here from submissions I will not waste my breath, sir.

CHAIRMAN (Mr. Angottitauruq): Mr. Nerysoo.

Return On Equity

MR. NERYSOO: Thank you. Just with regard to this particular section. I can appreciate Mr. Richard's disappointment about the manner in which this was dealt with, but I would ask the government, knowing their support for the continuation of this particular section in this particular legislation at this time, that you reconsider where these sections should be placed. It

is still my opinion that these sections should be placed in the Public Utilities Act. In your review of the Public Utilities Act and in developing the appropriate amendments and the legislation, I suggest that you seriously consider putting in the appropriate legislation the factors that deal with the cost of a contingency or stabilization account, and also with regard to the return on equity because there are a number of factors that are associated with return on equity, of which the cost stabilization program is a part. I hope that you will be able to identify a number of areas, notwithstanding that there are many more factors that are required to assess return on equity.

I also want to say that in terms of the return on equity where you are applying only the private sector utility situation, that you review the position that you have taken and consider as well the element of the public sector utility and what bearing that might have on the utility companies that exist, including our corporation, in the NWT.

I just wanted to make those few comments because I know that the government is going to be coming forward with amendments to the Public Utilities Act. I would have hoped that they could have introduced that legislation so that at least we can carry out the responsibility in the interim with the amendments that have been made and work on additional amendments. I am hoping that the government can still be persuaded of that in the upcoming month. But I just wanted to make those few comments with regard to the section that we have dealt with, so that you recognize in review that there are concerns about where these particular sections and subsections are.

CHAIRMAN (Mr. Angottitauruq): General comments. Mr. Richard.

MR. RICHARD: Mr. Chairman, in my view there is a flaw in section 34.4(1) in clause 26 but I will not waste my breath. I have asked the legal draftsman to bring it forward. It might be more palatable to the Members of the Executive coming from their staff than from me.

CHAIRMAN (Mr. Angottitauruq): Madam Minister.

Motion To Amend Clause 26, Bill 20-88(1), Carried

HON. NELLIE COURNOYEA: Mr. Chairman, the motion that Mr. Richard has suggested to Bill 20-88(1): I move that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act, be amended by adding in subsections 34.4(1) and (2), "by the corporation" after "energy".

CHAIRMAN (Mr. Angottitauruq): Madam Minister, would you repeat for clarification what you just read there, please?

HON. NELLIE COURNOYEA: Mr. Chairman, this is the suggested amendment that Mr. Richard has brought forward on Bill 20-88(1). I move that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act, be amended by adding in subsections 34.4(1) and (2), "by the corporation" after "energy". It is a clarification.

CHAIRMAN (Mr. Angottitauruq): May I have a copy of the document, please? Madam Minister, you did not have any clause number on the motion.

HON. NELLIE COURNOYEA: Clause 26, page eight.

CHAIRMAN (Mr. Angottitauruq): For the Members' information, it is clause 26 on page eight, subsections 34.4(1) and (2). Motion is in order. To the motion. Mr. Pollard.

MR. POLLARD: Thank you, Mr. Chairman. Could you just read 34.4(1) and (2) with the new wording in it? I am not sure that the English is correct now, Mr. Chairman.

CHAIRMAN (Mr. Angottitauruq): Mr. Clerk, can you read the documents, please?

CLERK OF THE HOUSE (Mr. Hamilton): The motion, Mr. Chairman, would add the words "by the corporation" in line 37 after the word "energy" and in line 42 of subparagraph (2) after the word "energy", again, it would add "by the corporation". That would be the effect of the motion.

CHAIRMAN (Mr. Angottitauruq): To the motion. Are you ready for the question? All those in favour? Opposed? Motion is carried.

---Carried

What is the committee's wish? Does the committee agree we go clause by clause?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 1. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 2. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 3. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 4, definitions. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 5, application. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 6. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 7, objects of corporation, as amended. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 8, chairperson and vice-chairperson. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 9. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 10. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 11. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 12, as amended. Mr. Butters.

MR. BUTTERS: I know he is on a roll, but I wanted to hear from the Minister with regard to clause 12 as it appears on page 3b. I believe that she was going to amend subsection 10(1). Did that amendment occur? It is in clause 12(a). Okay, agreed.

CHAIRMAN (Mr. Angottitauruq): Clause 12, as amended. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 13, employees. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 14, power of expropriation. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 15, restrictions on powers. Mr. Butters.

MR. BUTTERS: Mr. Chairman, on clause 15, I would ask about paragraph 15(2)(a). I believe that it is being suggested that the Minister will remove that responsibility from her desk by devolving it in policy.

CHAIRMAN (Mr. Angottitauruq): Madam Minister.

HON. NELLIE COURNOYEA: Yes, Mr. Chairman, it would be up to a certain limit and issuing a directive to the corporation.

CHAIRMAN (Mr. Angottitauruq): Clause 15. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 16, rates. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 17. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 18. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 19, limit on borrowing. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 20. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 21, capital structure, as amended. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 22, payment of costs. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 23. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 24. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 25. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 26, definition, as amended. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 27. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 28. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 29. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Consequential amendments. Clause 30. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 31, application. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): The bill as a whole. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Does the committee agree that Bill 20-88(1) is ready for third reading, as amended?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): I would like to thank the Minister and her witnesses. What is the committee's wish at this time? Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: Mr. Chairman, with the concurrence of the committee, if we could proceed with Bill 6-88(1), Loan Authorization Act, 1988-89, and Bill 11-88(1), Borrowing Authorization Act, 1988-89. With those two we would have concluded the bills that are directly to do with NCPC.

CHAIRMAN (Mr. Angottitauruq): Does the committee agree we go on to Bill 6-88(1), Loan Authorization Act, 1988-89?

---Agreed

Bill 6-88(1), Loan Authorization Act, 1988-89

Bill 6-88(1), An Act to Authorize the Making of Loans During the Fiscal Year Ending March 31, 1989. Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: Mr. Chairman, with the permission of the committee, if I can make my opening remarks then ask that witnesses join me at the witness table.

CHAIRMAN (Mr. Angottitauruq): Does the committee agree that the Minister responsible make his opening remarks?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Angottitauruq): Proceed, Mr. Ballantyne.

Minister's Opening Remarks

HON. MICHAEL BALLANTYNE: Thank you, Mr. Chairman. The Loan Authorization Act, 1988-89, is presented to this Legislative Assembly in order to obtain authority for this government to enter into lending arrangements for the upcoming fiscal year. The Loan Authorization Act, 1988-89, will provide authority for the lending of funds for territorial or municipal purposes, pursuant to section 24 of the Northwest Territories Act. The Loan Authorization Act is an annual act, updated yearly to reflect the amounts necessary to be lent by the government for each fiscal year.

The act will authorize loans of seven million dollars to municipalities during the 1988-89 fiscal year, for such purposes as capital equipment acquisition and land development. This is an increase of one million dollars from the 1987-88 authorization of six million dollars. The municipalities that may be lent funds include Fort Simpson, Fort Smith, Hay River, Norman Wells, Inuvik, Iqaluit and Yellowknife. This act will also authorize a \$55 million loan to the NWT Power Corporation related to the acquisition of the Northern Canada Power Commission. A further \$25 million loan will be authorized for the 1988-89 capital expenditures of the corporation.

Mr. Chairman, in summary, the Loan Authorization Act, 1988-89, will provide authority to make loans totalling \$87 million during the upcoming fiscal year. Thank you.

CHAIRMAN (Mr. Angottitauruq): Thank you, Mr. Ballantyne. Do you want to bring in your witnesses for general comments? For the record, would you introduce your witnesses?

HON. MICHAEL BALLANTYNE: Thank you, Mr. Chairman. I have with me Ms Bentivegna, who is the director of our legislation division, and Mr. Eric Nielsen who is the secretary to the Financial Management Board and deputy minister of Finance.

CHAIRMAN (Mr. Angottitauruq): At this time would the chairman of the standing committee on finance like to make his comments, please?

Comments From The Standing Committee On Finance

MR. POLLARD: Thank you, Mr. Chairman. Just a comment that we feel at odds a little bit about the dollar figures with the federal government. If I could just get off the topic one second. My understanding is that the \$55 million is to acquire the shares of NCPC. Is that correct?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: That is correct and I have anticipated the question, but if you want to ask it I will give you the answer for the two million dollar discrepancy you are asking about. The reason that we are asking for \$55 million rather than \$53 million is that we are asking for up to \$55 million because there will be a certain amount of money that it will take, for instance, to float a bond issue, any interim financing that is necessary. We probably will not use the total two million dollars, but we need an amount up to that to cover any costs for actually putting a bond issue out on to the market.

CHAIRMAN (Mr. Angottitauruq): Mr. Pollard.

MR. POLLARD: Mr. Chairman, I see that there are two amounts, \$55 million and \$25 million. Does the government intend to borrow that as a lump sum? Or does the government intend to borrow the \$55 million for the acquisition and then allow the corporation to borrow the \$25 million? In other words, are the two loans going to be together or are they going to be at separate times?

CHAIRMAN (Mr. Angottitauruq): Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: Mr. Chairman, the intent is the \$55 million or up to \$55 million, between \$53 million and \$55 million, will be needed immediately. The other \$25 million will not be needed until later on during the year. At that point we will ascertain if the Power Corporation needs it or if there are other mechanisms for them to access the funds. There are two separate transactions.

CHAIRMAN (Mr. Angottitauruq): Mr. Pollard.

MR. POLLARD: Just to ask the government what progress they have made toward borrowing the \$55 million, Mr. Chairman. Thank you.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: As the Member knows, in order to borrow more than \$15 million an order-in-council is necessary. The order-in-council was approved today. So we do have authorization to borrow this amount of money.

CHAIRMAN (Mr. Angottitauruq): Mr. Pollard.

MR. POLLARD: I suppose I should know this, Mr. Chairman, but when does the \$53 million become payable? When is it due and payable? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: The terms and conditions have not been finalized but it will be on or soon after the date when the federal government legislation goes through. That is April 1. It will be soon after April 1st. The final details have not been worked out. So it will be fairly soon.

CHAIRMAN (Mr. Angottitauruq): Mr. Pollard.

MR. POLLARD: Mr. Chairman, I would just ask the Minister of Finance how long it will take to put this loan together. What is the time frame? Are we going to have to expend the \$55 million prior to getting the loan? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

Interim Financing

HON. MICHAEL BALLANTYNE: Right now there is interim financing that has been arranged through the Canadian Imperial Bank of Commerce. That and/or a combination, using some of our cash flow. So we will be able to finance it before we actually get the \$53 million in a bond issue for instance.

CHAIRMAN (Mr. Angottitauruq): General comments. Is the committee ready to go clause by clause? Mr. Zoe.

MR. ZOE: Thank you, Mr. Chairman. I still do not quite understand why they did not lump these two figures together, the \$55 million and the \$25 million as you are currently doing with the loans for the municipalities. It is basically for one particular purpose. I cannot see the rationale behind separating them at this time. Why do they not make things easier and lump it all together? That is my first question.

My second point on this bill, Mr. Chairman, I am assuming that the regulations that the government establishes are repealed. That is why you have a section in here under section 12 to renew regulations each year. There are regulations in place currently for this particular year, Mr. Chairman, and this is to go through another process of putting in new regulations that will probably be the same. In the matter of municipalities they basically adopt the same regulations year after year. I cannot see the rationale because it has to be published in the Gazette and so forth. If you could answer those two basic questions that I have posed. Thank you.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: Thank you. To the first question, this bill is a general bill allowing us to make loans. Prior to this year, the only loans we made were to municipalities. This year there is a loan going to the Power Corporation so because this is the enabling legislation that allows us to loan money it was necessary to put every instance where we would be lending money in one bill.

Loans Not Governed By Regulations

To the second question, there are no regulations but I think what the Member is saying is that this bill dies at the end of the next fiscal year and we will have to bring forward a new bill a year from now. This allows us the authority to expend some \$87 million for this one year only. We lose the authority at the end of the year. Next year we will be coming forward with another new bill, which will authorize us to again loan money to municipalities and something else we may not have foreseen -- it might be to NCPC -- we do not know, but we will have to justify it again next year in front of the Legislative Assembly.

CHAIRMAN (Mr. Angottitauruq): Mr. Zoe.

MR. ZOE: Mr. Chairman, if I understand the Minister correctly, in the case of municipalities you have regulations in place currently.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: No, there are no regulations to deal with this. This is legislation each year which gives us authority. The government operates under various policies as far as how we give loans and debentures to municipalities and we have done it historically for a number of years, but they are not done under regulation.

CHAIRMAN (Mr. Angottitauruq): General comments. Mr. Pollard.

MR. POLLARD: Thank you, Mr. Chairman. Just a clarification on the rate. As we are going to be borrowing the money, what rate are we going to be at? Who is paying the interest, Mr. Chairman?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: Whatever interest we have to pay to borrow the money, NCPC or the new corporation will pay to us, to borrow it from us. It will be equivalent rates.

CHAIRMAN (Mr. Angottitauruq): General comments on Bill 6-88(1). Is the committee ready to go clause by clause on this bill?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 2, interpretation. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 3, application. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 4, authority to make loans. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 5, monetary limit. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 6, authority to disburse from consolidated revenue fund. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 7, lapse of authority. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 8, agreements. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 9, security of loans. Agreed? Nobody wants to say agreed. Clause 9. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 10, power to fulfil obligations and enforce rights. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 11, delegation to Minister. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 12, regulations. Agreed? Mr. Zoe.

MR. ZOE: A final point on the regulations. I understand that the loans that the government gives out to municipalities do not require any regulations so what is the purpose of having this particular section in there if it is not required? Or are you using it as a safeguard?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: In the past it has not been necessary but we felt that in the future there might be a necessity to make regulations and we thought it important to have it in the legislation.

CHAIRMAN (Mr. Angottitauruq): Mr. Zoe.

MR. ZOE: Mr. Chairman, this current year's Loan Authorization Act, did it have a similar clause in it?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: I cannot give you a sure answer on that. I will get back to you on it. One of the two had it in before but we think that it is something that should be in these bills, just to have that authority to make regulations to build more protection into transactions.

CHAIRMAN (Mr. Angottitauruq): Clause 12. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 13, coming into force. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 1, short title. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Bill as a whole. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Does the committee agree that Bill 6-88(1) is ready for third reading?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Does the committee agree that we go to Bill 11-88(1)?

SOME HON. MEMBERS: Agreed.

---Agreed

Bill 11-88(1), Borrowing Authorization Act, 1988-89

CHAIRMAN (Mr. Angottitauruq): Would the Minister introduce the bill?

Minister's Opening Remarks

HON. MICHAEL BALLANTYNE: Thank you, Mr. Chairman. Mr. Chairman, the Borrowing Authorization Act, 1988-89, is presented to this Legislative Assembly in order to obtain authority for this government to enter into borrowing arrangements for the upcoming fiscal year.

Pursuant to section 24 of the Northwest Territories Act, the Commissioner in Council may make ordinances for the borrowing of money for territorial, local and municipal purposes.

The Borrowing Authorization Act will provide authority for the borrowing of funds for temporary purposes, to ensure the consolidated revenue fund is sufficient to meet lawfully authorized disbursements. The limit for this temporary borrowing is \$15 million. This act will also authorize the borrowing of funds as set out in the schedule, for the acquisition of the Northern Canada Power Commission, to a total of \$55 million. A further amount of \$25 million will be provided for borrowings necessary for the 1988-89 fiscal year for capital expenditures of the new Power Corporation.

All borrowings conducted under this act must receive Government of Canada Governor in Council approval. The current limit of this approval is \$15 million, with a further \$80 million to be granted as part of the Northern Canada Power Commission acquisition. This authority has been approved today by federal cabinet. With the passage of this act by this Assembly, the Temporary Borrowing Authorization Act currently in effect, will be repealed.

CHAIRMAN (Mr. Angottitauruq): The chairman of the finance committee, Mr. Pollard.

Comments From The Standing Committee On Finance

MR. POLLARD: Thank you, Mr. Chairman. It does still specify \$15 million. Am I correct?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: The \$15 million is the historic amount that we have authority to borrow and generally it is to provide working capital, to provide cash flow, so that we can pay off our debts and pay for temporary financing, interim financing.

CHAIRMAN (Mr. Angottitauruq): Mr. Pollard.

MR. POLLARD: Thank you, Mr. Chairman. How much are we going to borrow under Bill 11-88(1)?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: On the schedule that we have at the end of the bill, it outlines we will be borrowing \$55 million for the acquisition of NCPC and \$25 million for capital expenditures for the Power Corporation, and up to \$15 million on the temporary borrowing that we talked about earlier.

CHAIRMAN (Mr. Angottitauruq): Thank you, Mr. Minister. Mr. Pollard.

MR. POLLARD: Okay. On the \$15 million, it is \$15 million at any one time. There cannot be any more indebtedness than that. It is not that you could get two \$15 million hits, but just one, I believe, Mr. Chairman.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: Mr. Chairman, this clause was not drafted as concisely as the committee had wanted originally and in response to a concern of the committee we changed it to make it very clear that at any one given date or time in the fiscal year, we cannot have borrowed more than \$15 million. So that is right.

CHAIRMAN (Mr. Angottitauruq): General comments. Shall we go clause by clause?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 2, application. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 3, authority to borrow. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 4, temporary borrowing. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 5, agreements. Mr. Minister.

HON. MICHAEL BALLANTYNE: I am sorry but in clause 3 we are suggesting an amendment. This is something that is to make it more clear that if ever we have to go out to the bond market that we will be borrowing under the authority of section 24 of the Northwest Territories Act.

Motion To Amend Clause 3, Bill 11-88(1), Carried

I move that clause 3 of Bill 11-88(1) be amended: 1) by adding "under the authority of section 24 of the Northwest Territories Act" before "borrow"; and 2) by adding "in accordance with this act" after "purposes". This is to make it very clear, if we do have to go out to the bond market, that our authorization to borrow is under this particular section in the Northwest Territories Act.

CHAIRMAN (Mr. Angottitauruq): May I have a copy of the motion? Your motion is in order. To the motion. Question is being called. All those in favour? The voting has to begin. You have to ask for it before the voting started. I ask all those in favour of the motion? All those opposed? This motion is carried.

---Carried

CHAIRMAN (Mr. Angottitauruq): Clause 3, as amended. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 4, temporary borrowing. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 5, agreements. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 6, powers to implement obligations and rights. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 7, regulations. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 8, delegation to Minister. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 9, repeal. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 10, coming into force. Mr. Nerysoo.

MR. NERYSOO: Mr. Chairman, I apologize but if I could seek unanimous consent to ask a question with regard to clause 4.

CHAIRMAN (Mr. Angottitauruq): Does the committee agree we go back to clause 4? Mr. Nerysoo.

MR. NERYSOO: I just wanted to ask in terms of the amendment that the Minister introduced for clause 3, is there not a need for such an amendment also to be included for clause 4? Or is there an intention that that is to be understood?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: The question is one that I think is a good question. Our advice was that for the \$15 million, the temporary borrowing, there is not a real problem. However, our lawyers, and our consultants as to the bond issue, said there might be a problem if we were to go out for public bond issue. That would be that investors wanted to be certain of what our authorization to borrow money was. So that was the reason they wanted that in clause 3, but they did not think it was important in clause 4.

CHAIRMAN (Mr. Angottitauruq): Mr. Nerysoo.

MR. NERYSOO: Thank you, Mr. Chairman. Just further. I am just kind of curious as to whether or not there may be problems arising if, in fact, the \$15 million also went to a bond process of borrowing.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: Mr. Chairman, the advice that I have been given is that there should not be a problem with it.

CHAIRMAN (Mr. Angottitauruq): Mr. Nerysoo.

MR. NERYSOO: Thank you, Mr. Chairman, if the Minister is satisfied. I was just concerned that if there was that particular situation, going to a borrowing process of using bonding, that the government may not have the appropriate authority. I was just concerned about that. So I will just make the Minister aware that he should consider that situation, if it may cause problems.

CHAIRMAN (Mr. Angottitauruq): Clause 4, temporary borrowing. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Schedule, \$55 million. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Schedule, \$25 million. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Short title. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Bill as a whole. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Does the committee agree that Bill 11-88(1) is ready for third reading?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: Only to say that when we are concluded this, with the committee's concurrence we could deal with Bill 29-88(1), Interim Appropriation Act, 1988-89.

CHAIRMAN (Mr. Angottitauruq): What is the committee's wish at this time?

AN HON. MEMBER: Report progress.

CHAIRMAN (Mr. Angottitauruq): Progress has been called. Mr. Gargan.

MR. GARGAN: Mr. Chairman, I was under the impression that some of the bills that require passage before March 31st have pretty well been dealt with, and we could probably address the interim appropriation bill tomorrow. I am just saying we should report progress.

CHAIRMAN (Mr. Angottitauruq): All those in favour of progress? Opposed, if any? The motion is defeated.

---Defeated

What is the committee's wish at this time? Mr. Ballantyne.

HON. MICHAEL BALLANTYNE: If committee wishes, I think the interim supply bill is an important one and it has to be done. We also have supplementary estimates. I think it is a fairly full day tomorrow. If the committee would like to deal with the interim supply bill, if we could get it out of the way, I think it would be great.

CHAIRMAN (Mr. Angottitauruq): Does the committee agree to go to Bill 29-88(1)? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Bill 29-88(1), Interim Appropriation Act, 1988-89

CHAIRMAN (Mr. Angottitauruq): Mr. Minister, do you have the opening remarks?

Minister's Opening Remarks

HON. MICHAEL BALLANTYNE: Thank you, Mr. Chairman. Mr. Chairman, the Interim Appropriation Act, 1988-89 is required as the main appropriation act for the upcoming year. The government requires some interim appropriation authority by April 1st for continuing its operation. Mr. Chairman, because it has been obvious to all of us for the last week and a half that we would not complete the budget before March 31st, it is very important for the government to carry on that we pass this act. The Interim Appropriation Act, 1988-89 seeks sufficient appropriation authority for normal government operations for the month of April. In addition, appropriate authority is required to allow the commitment of contribution and capital project contracts that must be entered into during the first month of the fiscal year. In accordance with the Financial Administration Act, the full amount of these contracts that will be payable during 1988-89 must be charged to an appropriation when the contract is entered into. Mr. Chairman, I request the committee's support in dealing with this urgent bill. Thank you.

CHAIRMAN (Mr. Angottitauruq): Chairman of the finance committee, do you have comments to make?

Comments From The Standing Committee On Finance

MR. POLLARD: Thank you, Mr. Chairman. Just that I think this is the first time this has happened, voting supply, Mr. Chairman, and perhaps the Minister could respond when I ask him if there is any way that we can get together and produce a budget faster so that we can review it earlier in the year and so that we are not finding ourselves up against the deadline. We are going to vote, with the passage of this bill, all the O and M moneys to the NWT Housing Corporation, some \$50,589,000, Mr. Chairman, which has not been reviewed by the committee in the normal budget process. There are also other items. Education is not complete yet as a budget item in this House. I think Members should be aware that we are going to be voting on things that we have not reviewed as committee of the whole in the budget session. So I would ask the Minister if, recognizing how critical it is for the Members to be able to question Ministers on these amounts, and it seems that that privilege of questioning will be taken away from us this time, merely to question them in this bill -- so I wonder if the Minister could respond to my question: Could the budget be produced earlier so that we are not in this situation again? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: Thank you. I agree. This is a new concept here in the Territories. It is something that is quite common in other jurisdictions. I think that in future, in co-operation with the finance committee, we can talk about perhaps starting the session earlier and talk about not having a break during the middle of the session. I think that this year was quite unusual because we are dealing with some very, very big items with the transfer of NCPC and the transfer of health at the same time that we are dealing with the budget. So I think that circumstances this year are different and, I think, fairly unique. But I agree with the chairman of the standing committee on finance, that in future I think we can minimize the chance that we have to vote supply by coming to some agreement about perhaps starting the process a little bit earlier, and coming to some agreement about not taking a break until the main estimates are dealt with. Thank you.

CHAIRMAN (Mr. Angottitauruq): Mr. Pollard.

MR. POLLARD: Thank you, Mr. Chairman. I think the committee has no problems with the operational requirements that are being requested. We believe them to be moneys that the government needs to expend for the month of April. I would just like to register that we do have a problem with the contribution agreements and, recognizing the shortness of the hour, I think the committee is prepared to recommend the bill to the House. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Angottitauruq): Mr. Nerysoo.

Concern With Large Amounts Being Voted

MR. NERYSOO: Thank you. I wish I were as confident as our chairperson, but I am not. I can understand the reason for the supply bill so I will not argue about the bill itself. What I am concerned about is the amount of appropriations -- and I can understand the largeness of some of the appropriations -- but when I look at the allocations, in some instances they are as much as 30 per cent of the year's funding that has been allocated. In some cases, they have been allocated in totality. And I am not quite sure if that is the usual practice, the historical practice, of other governments in the country -- voting various parts of their operational funds, when they needed interim financing. So it concerns me because, firstly, it is the first time that we are doing it; but more than that, we are setting a precedent here, you might say, in the future for the government to be able to vote on interim supply based on such large amounts. That is not the usual practice of other parliaments and other legislatures.

I can understand, in some instances, why it might be. In the case of Municipal and Community Affairs, where there are contractual contribution arrangements that have to be met for the municipalities -- and I can understand it in some cases under the Housing Corporation, the various housing associations and the running of the corporation -- it can be dealt with; but I am not quite sure. Maybe if the Minister might respond in terms of \$62 million, for instance, for Education, which is actually 50 per cent of the total amount of O and M. I just looked at the amounts and did my own personal calculation and thought that it was somewhat large in terms of those particular amounts. In terms of the capital, I did not see any serious problem with the capital. There is no doubt that it gives good argument for a capital budget in the fall session so that we can meet the requirements of such organizations as the Housing Corporation because, in fact, with their fiscal

year and their ordering period -- and also with our Public Works and Municipal and Community Affairs -- these have to be done early in the year, particularly when it requires us to meet the sealift deadlines and also to transport to those communities that have only winter roads. I think it gives us a good argument why the capital budget should be suggested and come in at an earlier period.

So, in review, those were basically some of the concerns I had. I am not opposed to the interim appropriation, because it is necessary for government to continue with their responsibility of delivering programs and services to the people; but I was concerned with the large amounts being voted.

CHAIRMAN (Mr. Angottitauruq): Thank you. Mr. Minister.

Limited By Financial Administration Act

HON. MICHAEL BALLANTYNE: Thank you, Mr. Chairman. I have to admit that when the figures came to me I also had the same concern. There is really no attempt here to try to get more authority than we need, but unfortunately we are limited by the Financial Administration Act as far as contributions and contracts; we have to have authority for the full 12 months of the contribution or the contract, or else we cannot do them. I think I understand the Member's concern, and if it will help any, I will impress upon the Ministers and the deputy ministers that this supply bill is in no way any form of licence to try to get some projects through before there is approval of the House and that they are to do housekeeping, where possible, between now and when the actual main estimates are passed. I think the Member's concern is a valid one, and I will give him every assurance that I will try to stop any form of using this supply bill to get something through with which the House may not agree.

CHAIRMAN (Mr. Angottitauruq): General comments. Mr. Zoe.

MR. ZOE: Thank you, Mr. Chairman. On the same note as Mr. Nerysoo has just indicated, I, too, have a concern with the large amount, especially with the Housing Corporation. I realize what the Minister is saying, in that they are bound by the Financial Administration Act, but I just wonder what the Auditor General of Canada would have to say in this regard. That will be a good question to pose to the Auditor General to see if we should be voting on this type of request, especially in the case of the Housing Corporation where we are going to be approving the whole budget for a corporation.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: As I said, it is the first time it has been done and I was assured by all my financial staff that, because there is a contribution made to the Housing Corporation, unless we have the authority to make the total contribution for the year we cannot make any payments. I, like you, would much rather have come to the House with a much lesser amount. I understand your concerns but I have been told that this is the only way we can do it. But again, as I said to Mr. Nerysoo, I am going to ensure that nobody is going to take this interim supply and go ahead and make decisions that the Legislative Assembly might not approve in their determination of the budget. I have been told on the best authority, and the best advice I have is that there is no other way to do it. Once the main estimates are passed, that obviously will take over from this and this will become defunct.

CHAIRMAN (Mr. Angottitauruq): Mr. Zoe.

Approving Full Amount For Housing Corporation

MR. ZOE: If the government is bound and cannot make any changes on their own, maybe we should be discussing the Housing Corporation now, or maybe tomorrow morning, because we are approving the full amount. That is the total amount. There is no use trying to argue or make your case after the fact. We might as well make our case now and discuss the Housing Corporation in full detail.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: A couple of comments. One could say that about all the departments and if we had finished the budget we would not have had the supply bill. This is the reason we have the supply bill. But it is true. I want to also explain that because the government is authorized

for that full \$50.5 million, it does not mean the Housing Corporation is going to get that. The only way we can give the housing associations, authorities, etc., enough to carry on for the first month is to have the authority for the whole year.

I understand exactly what Mr. Zoe is saying and I wish there were a better way of doing it but there is not. We are bound by the act to do it this way but hopefully within the next two or three weeks we will have this budget passed and again, I want to assure the Member that, the decisions that might be made by the Assembly when we do the budget of the Housing Corporation, if they have some problems with it -- I will assure the Member that those decisions will not have already taken place unless they had to because of some constraints that are totally out of our control. I do not think there will be a problem, Mr. Zoe.

CHAIRMAN (Mr. Angottitauruq): Mr. Zoe.

MR. ZOE: Mr. Chairman, your point is well taken but nevertheless I would rather be on the safe side and discuss the Housing Corporation in full detail because we will be approving their full amount now in this interim bill. I am playing it safe. I do not want to discuss it after the fact. We are basically approving it; that is the full amount.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: I want to make it very clear to the Members that if this bill is not passed by midnight tomorrow night, this government shuts down totally. We can pay no bills, write no cheques -- nothing goes out to anyone. I want to emphasize that the reason we are bringing in a supply bill is because there was not time to finish all the departments in the main estimates. If we had had the time, we would have done all the departments.

The standing committee on finance has looked at this. I think that everybody recognizes the urgency of passing this by tomorrow night. There is no way we cannot pass it. We also have to deal with supps tomorrow. We have an education money bill that we have to deal with tomorrow. If there is time to deal with the health stuff, fine. I would like to have dealt with the whole budget, if we could, tomorrow. But what I am saying is that we are bound by our legislation to do it this way. We have to do it by tomorrow night or the whole government shuts down. Everything closes down.

Interim Supply Will Not Be Abused

I have given you my assurance that it is not going to be abused. I have given the chairman of the finance committee my assurance that next year we will work out a mechanism so that we do not break for 12 days during this particular budget session; that we can start earlier; that we can work later; that we can work weekends; whatever. I agree with all of you that this is not the best way to do it but it is the only way we have right now. So I do not know, Mr. Zoe; I share your concerns. I think I have done all I can do to try to alleviate your concerns.

CHAIRMAN (Mr. Angottitauruq): Mr. Zoe.

MR. ZOE: Well, Mr. Chairman, if I can get assurance or a legal interpretation, once we do approve this interim bill, especially in the Housing Corporation for their full amount, and at a later date when we are dealing with the main estimates if we decrease or do something with it and if it happened to be at a lesser amount, would the lesser amount supersede the decision we make today?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

Main Estimates Supersede This Bill

HON. MICHAEL BALLANTYNE: For instance, if, when the Legislative Assembly deals with the Housing Corporation they decide, for instance, to delete \$500,000, that is operative. When the main estimates are passed, they supersede this, so there is \$500,000 less to deal with than the Housing Corporation budget. All this does is give the government the authority to make those contributions. But I assure you we will be asking for rationale for everything they do in the next two weeks, because I do not want to come in front of this House in three weeks to have people say, "Well, you have spent \$30 million on things that we might not like." So I can assure you that will not happen.

CHAIRMAN (Mr. Angottitauruq): Mr. Zoe.

MR. ZOE: I am quite satisfied, as long as the government guarantees that things will happen in this manner. Thank you.

CHAIRMAN (Mr. Angottitauruq): Mr. Gargan, I had you next and I have Mr. Ernerk. Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. Just to get some clarification. Mr. Chairman, I guess time and time again I keep hearing from the government that they have gone through a long, tiresome process in dealing with a lot of the major issues that came up. I guess one of them is the budget issue that has been gone through, and then the finance committee had to deal with it. It has gone through a long thought-out...

CHAIRMAN (Mr. Angottitauruq): Mr. Wray.

HON. GORDON WRAY: Mr. Chairman, I wish to move that we extend the sitting hours to conclude this item.

CHAIRMAN (Mr. Angottitauruq): At this time, Mr. Gargan has the floor. Mr. Gargan.

Motion To Extend Sitting Hours, Carried

MR. GARGAN: Mr. Chairman, I move that we extend the sitting hours.

---Laughter

CHAIRMAN (Mr. Angottitauruq): The motion is in order. All those in favour? Opposed? The motion is carried.

---Carried

I am hungry. Mr. Gargan.

MR. GARGAN: Just again, so they have gone through a long thought-out process but this appropriation bill just got our attention on the 24th, which is about a week ago, during our sitting days, about six days ago. I would like to ask the Minister how they went through the process of coming up with the magical number we have to use for appropriation. And realizing, of course, how long it took them to come out with the main estimates and the capital estimates, how did they come to this conclusion of this number?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: I am not sure if I caught the whole -- maybe if Mr. Gargan could synthesize his comments. I think I am not quite sure what he said.

CHAIRMAN (Mr. Angottitauruq): Mr. Gargan, would you like to repeat...

AN HON. MEMBER: No.

---Laughter

CHAIRMAN (Mr. Angottitauruq): The Minister did not understand.

---Laughter

Process By Which Figure Was Set

MR. GARGAN: Mr. Chairman, all I said is that I want some clarification. The main estimates and the capital estimates have gone through a long, well thought-out process. We have had this appropriation maybe only five days ago, as far as sitting days go. They have come up with all the figures here. How did they come up with these figures? There must have been -- or did they just go on one third of the budget? How did the process go concerning this, because going through the main estimates takes thousands of man hours, but they have come out with this, about one third of the capital and main estimates budget, in about five days? I just want to know how they did that?

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: The process is not as difficult as it may seem. It was not until perhaps 10 days ago that we recognized it would be impossible to complete the main estimates by the 31st. So using the information already in the main estimates, the departments were asked what they needed to do for the month of April. What they did was to come back with those expenditures for the month of April, plus those contributions and contracts that they have to enter into for a whole year. It was not that difficult an exercise to get it. All the figures were there.

CHAIRMAN (Mr. Angottitauruq): General comments. Mr. Ernerk.

MR. ERNERK: Thank you very much, Mr. Chairman. I understand that the Minister is saying to the House that if we do not pass the budget by tomorrow evening at 12:00 o'clock that the government shuts down on April Fools' day, on April 1st. I understand what he is getting at, Mr. Chairman. Ronald Reagan ran out of money before and he managed to continue going with the United States Government, one way or the other. This \$276,564,000 is a lot of money, and when you are talking about \$351 million capital, that is a lot of money as well.

Further Discussion Of Departments

Several weeks ago we talked about a number of departments. Perhaps we took too long to talk about them, and perhaps not. But past is past, so we will not worry about that part. The thing that I am really concerned about, Mr. Chairman, is that we are voting quite a large amount of money, say in terms of Education, \$62 million. I have not heard any satisfactory answer with regard to the issue of education. I would still like to have a lot of say in terms of what happens to the future of education when we come to discuss the issue of Education again. I would like to have more say with regard to the issue of health. We have discussed a lot of things in terms of health but we are missing one other important issue that I would like to discuss in the committee of the whole and that is the issue of abortion. Abortion is very important to my constituency, very important to the people of the Inuktitut-speaking communities because there was a radio program by CBC a number of weeks ago in which CBC in Rankin received many, many calls within two hours when they discussed the issue of abortion. We should have a philosophy, a policy paper on this important issue. There is renewable resources. I would like to have a lot of say as to what happens to the future of renewable resources. There are many, many things that we have to discuss.

I guess what I am really saying, Mr. Chairman, is that I do not want to be shut out of -- a closed door on discussion on many of these issues; many of these departments. I would really like to continue to discuss a number of departments in a down-to-earth fashion as we did with Education. I would really like to continue to discuss many of these departments on a really concrete level.

I guess I am asking the same question as many other Members are asking: Exactly what are we spending \$62 million for, in terms of operations and maintenance in Education? And many other departments, big ones, \$50 million in O and M for Housing Corporation, two million dollars with Personnel, \$38 million in Public Works and Highways, \$30 million in Municipal and Community Affairs, and one of the departments that is very important is Economic Development, two million dollars. On the capital side, there is also a lot of money here, \$20 million for the Housing Corporation, \$20 million in Municipal and Community Affairs, \$14 million in Education. How did we come up with those numbers? What are we doing with those amounts of money, Mr. Chairman.

Government Shut-Down Questioned

I recognize the government wants to pass this budget by tomorrow evening. The Minister has already indicated that it is very urgent that we pass this money by tomorrow evening, otherwise the government shuts down. I recognize also that we have had an unusual -- I guess to some, an unusual session -- keeping in mind that we have a number of new Members coming into this House who have a lot to say with regard to their philosophies in terms of quality of life. I came in with certain issues. I understand the Minister is saying the government shuts down, but does the government really shut down at 12:00 o'clock tomorrow night if we do not approve this money? Do they really shut down? I am asking a serious question. Do we really shut down; nothing happens; the Laing Building closes; every government office in the Northwest Territories closes down? Is that what really happens? Or do you just not issue cheques any more, but everybody continues to go to work? It is happening in Panama. Why not here?

---Laughter

I am serious. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Angottitauruq): Mr. Minister.

HON. MICHAEL BALLANTYNE: Ronald Reagan may be sending the marines into Panama so I will watch out my door tonight if the marines are coming here, but I think Mr. Ernerk made a number of comments and asked a number of questions, and I will try to respond to them. First of all, I want to emphasize that we, too, want to have a full debate on those subjects that Mr. Ernerk referred to, on education, on housing, on renewable resources, all the subjects that we have yet to have a debate on. Unfortunately, because of a lot of factors, many of them out of the control of this House, we were not able to complete the main estimates by March 31, and it was necessary to bring forward this mechanism to allow the government authority to spend money until the main estimates are passed. I expect the main estimates to be finalized between the 10th and 20th of April, so we are probably only talking about a couple of weeks; expenditure authority for a couple of weeks.

Reason For Large Figures

The reason that you see the large figures is because of the restrictions of the Financial Administration Act, and because of comments made by the Auditor General in the past that we cannot spend money, even enough for those 10 days if it is a contribution or a contract, unless we have been given authority for the whole year. So it gives a misleading figure. There is no intention on this government's part to spend \$350 million in the next 10 or 15 days -- none, whatsoever. During the debate on the main estimates, which will take place after March 31, if in the wisdom of the Legislative Assembly any department has funds deleted from its budget, that takes precedence over the interim supply bill. I have given the Member my assurance, and on behalf of the government, their assurance that money that does not have to be expended will not be expended. We have to come back here and face the wrath of the Legislative Assembly if a whole number of expenditures are made and it turns out later that the Legislative Assembly is not supporting them. I am the first one to recognize the fact that we do not want to be able to expend money without the authorization.

To answer Mr. Ernerk's last point, would the government continue? I suppose the government would have to, but it would put us in a situation of either having to do it by special warrant when the Legislature is sitting, or what we are trying to do, to get the duly authorized legislative authority in order to carry out the business of the government for the next couple of weeks until we can complete the budget. But I can assure the Member, as I have assured other Members, that in no way will this take away from your ability to make comments and have full debate about the departments that are still in front of you. I see this as a legal mechanism to allow us authority granted by this Assembly to make expenditures for a period of time, probably to the 15th of April, when the budget is passed. I do not think there is really a big problem. I think we are doing the only thing we can do, and I hope there is support for this interim bill.

CHAIRMAN (Mr. Angottitauruq): General comments. Mr. Gargan.

MR. GARGAN: Mr. Chairman, can we go clause by clause?

CHAIRMAN (Mr. Angottitauruq): Does the committee agree to go clause by clause?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Bill 29-88(1), clause 2, application. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 3, interim appropriation for 1988-89. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 4, purpose of expenditures. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 5, lapse of appropriation. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 6, accounting. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 7, ceases to have effect. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Schedule. Vote 1, operations and maintenance. Total operations and maintenance, \$276,564,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Vote 2, capital. Total capital, \$75,155,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Total appropriation, \$351,719,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Clause 1, short title. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Bill as a whole. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): Does the committee agree that Bill 29-88(1) is ready for third reading?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Angottitauruq): That concludes the committee for the day. I will rise to report progress.

MR. SPEAKER: The House will come back to order, please. Mr. Angottitauruq.

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; BILL 6-88(1), LOAN AUTHORIZATION ACT, 1988-89; BILL 11-88(1), BORROWING AUTHORIZATION ACT, 1988-89; BILL 29-88(1), INTERIM APPROPRIATION ACT, 1988-89; REPORT OF STANDING COMMITTEE ON FINANCE

Motions To Accept Report Of Committee Of The Whole, Carried

MR. ANGOTTITAUURUQ: Mr. Speaker, your committee has been considering Bills 1-88(1), 25-88(1), 7-88(1), 20-88(1), 6-88(1), 11-88(1), 29-88(1) and 21-88(1) and wishes to report that Bills 6-88(1) and 29-88(1) are recommended for third reading and that Bills 11-88(1) and 20-88(1) are recommended for third reading as amended.

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

MR. SPEAKER: Thank you, Mr. Angottitauruq. I understand that Bills 6-88(1), 11-88(1), 20-88(1) and 29-88(1) are ready for third reading as amended. Is there a seconder to that motion? Thank you, Mr. Arlooktoo. Excuse me. I wish to advise the House that I read incorrectly. Bills 6-88(1) and 29-88(1) are recommended for third reading and Bills 11-88(1) and 20-88(1) are recommended for third reading, as amended. Mr. Arlooktoo, are you seconding that?

MR. ARLOOKTOO: Yes.

MR. SPEAKER: Thank you. To the motion. All those in favour, please signify. Thank you. All those opposed? The motion is carried.

---Carried

Mr. Angottitauruq.

MR. ANGOTTITAUURUQ: Mr. Speaker, your committee has been considering Report of Standing Committee on Finance on the 1988-89 Main Estimates; and Tabled Document 113-88(1). Mr. Speaker, I move that the report of the chairman of the committee of the whole be concurred with.

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

---Carried

Item 19, third reading of bills. Mr. Ballantyne.

ITEM 19: THIRD READING OF BILLS

HON. MICHAEL BALLANTYNE: Mr. Speaker, I wanted to see the red light before I stood up. Mr. Speaker, are we on third reading?

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

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

MR. SPEAKER: Thank you, Mr. Ballantyne. The motion is in order. All those in favour? Thank you. Those opposed? Bill 6-88(1) has had third reading.

---Carried

Third reading of bills. Mr. Ballantyne.

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

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

MR. SPEAKER: Thank you. The motion is in order. To the motion. Question is being called. All those in favour? Thank you. Those opposed? The motion is carried. Bill 11-88(1) has had third reading.

---Carried

Third reading of bills. Mr. Ballantyne.

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

HON. MICHAEL BALLANTYNE: Mr. Speaker, 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 third time.

MR. SPEAKER: Thank you, Mr. Ballantyne. The motion is in order. To the motion. All those in favour? Thank you. All those opposed? The motion is carried. Bill 29-88(1) has had third reading.

---Carried

Third reading of bills. Ms Cournoyea.

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

HON. NELLIE COURNOYEA: Mr. Speaker, I move, seconded by the honourable Member for Yellowknife North, that Bill 20-88(1), An Act to Amend the Northwest Territories Energy Corporation Act, as amended, be read for the third time.

MR. SPEAKER: Thank you, Madam Minister. The motion is in order. To the motion. Question is being called. All those in favour, please signify. Thank you. Those opposed? The motion is carried. Bill 20-88(1) has had third reading.

---Carried

Third reading of bills. Mr. Clerk, orders of the day.

CLERK OF THE HOUSE (Mr. Hamilton): Mr. Speaker, there will be a meeting at 8:00 o'clock tomorrow morning of the ordinary Members' committee, and at 10:00 a.m. of the standing committee on legislation.

ITEM 21: ORDERS OF THE DAY

Orders of the day for Thursday, March 31.

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), 21-88(1)
18. Report of Committee of the Whole
19. Third Reading of Bills
20. Assent to Bills
21. Orders of the Day

MR. SPEAKER: This House stands adjourned until Thursday, March 31 at 1:00 p.m.

---ADJOURNMENT

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