



LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

4th Session

10th Assembly

HANSARD
Official Report
DAY 2

THURSDAY, FEBRUARY 7, 1985

Pages 16 to 40

Speaker: The Honourable Donald M. Stewart, M.L.A.

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YELLOWKNIFE, NORTHWEST TERRITORIES

THURSDAY, FEBRUARY 7, 1985

MEMBERS PRESENT

Mr. Angottitaurug, Mr. Appaq, Mr. Arlooktoo, Mr. Ballantyne, Hon. Tom Butters, Hon. Nellie Cournoyea, Hon. Tagak Curley, Mr. Erkloo, Mr. Gargan, Mrs. Lawrence, Mr. MacQuarrie, Mr. McCallum, Hon. Bruce McLaughlin, Hon. Richard Nerysoo, Hon. Dennis Patterson, Mr. Pedersen, Mr. Pudluk, Mr. Richard, Hon. Nick Sibbeston, Hon. Don Stewart, Mr. Wah-Shee, Hon. Gordon Wray

ITEM 1: PRAYER

---Prayer

SPEAKER (Hon. Don Stewart): Before going to the orders of the day I wish to rectify an error that occurred yesterday. The vote was not called on Bill 3-85(1) and Bill 7-85(1). I would like to have your consent to call the vote on these bills and have it recorded as yesterday's vote and, also, the government made an error in not giving us a seconder for Bill 7-85(1), so if they would provide us with a seconder for Bill 7-85(1), then we will go through the procedure and have everything go right. Do I have a seconder for Bill 7-85(1)? Mr. Nerysoo. All those in favour of first reading of Bill 3-85(1)? Opposed, if any? Carried.

---Carried

All those in favour of first reading of Bill 7-85(1)? Opposed, if any? Carried.

---Carried

Orders of the day for Thursday, February 7th. Item 2, Members' replies.

Item 3, Ministers' statements. Item 4, oral questions. Mr. Ballantyne.

ITEM 4: ORAL QUESTIONS

Question 1-85(1): Revised Business Incentives Policy

MR. BALLANTYNE: Thank you, Mr. Speaker. I am not quite sure who I should direct this question to, but there was a press statement issued by Mr. Butters to do with a business incentives policy so I will pose a question to Mr. Butters and perhaps he could give it to the appropriate Minister if he is not the proper one. I understand the government has announced a revised business incentives policy and I wonder, will the Minister or the Executive table that policy in the House?

Return To Question 1-85(1): Revised Business Incentives Policy

HON. TOM BUTTERS: Yes, Mr. Speaker.

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

Supplementary To Question 1-85(1): Revised Business Incentives Policy

MR. BALLANTYNE: Just a point of clarification, Mr. Speaker. To the Minister, and I will get into more detail after the Minister has actually tabled it. I understand this incentives policy does not deal with consultants of the government. Is that correct?

MR. SPEAKER: Mr. Minister.

Further Return To Question 1-85(1): Revised Business Incentives Policy

HON. TOM BUTTERS: Yes, it does deal with consultants. I think there is a problem with regard to the interpretation of the policy in that area. It depends on the consultants you are talking about but when the policy is tabled we can specify the matter then.

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

Question 2-85(1): Social Worker For Resolute Bay

MR. PUDLUK: A question to the Minister of Social Services. The Minister wrote me a letter on December 17, 1984, regarding the establishment of a social worker in Resolute Bay. He indicated that Lawrence Holt will be coming, commencing his duty as community social worker in Resolute Bay during the second week in January. He isn't present yet. Could you indicate to me the hold-up? When is he going to be arriving in Resolute?

MR. SPEAKER: Mr. McLaughlin.

HON. BRUCE McLAUGHLIN: Thank you, Mr. Speaker. I know that the department has approved putting a person into the community but I am not aware of why an actual person has not been hired yet and I will get back to the Member on that.

MR. SPEAKER: Thank you. Then you are taking the question as notice. Oral questions. Mr. Ballantyne.

Question 3-85(1): Advisory Committee To Government Leader

MR. BALLANTYNE: Thank you, Mr. Speaker. I have a question to the Government Leader. There was an article in the newspapers on the 23rd of January, or thereabouts, and it was concerning a high profile of hand-picked individuals who would advise Government Leader, Richard Nerysoo, on economic strategies being set up in Yellowknife. I wonder if the Government Leader, at this time, or at some later time, would explain the role of this committee and how this committee's role differs from that advisory business council that is advising the Minister of Economic Development.

MR. SPEAKER: Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Speaker, I would just like to indicate to the honourable Member that that was a recommendation, I believe, of the NWT Chamber of Commerce. The actual group has not been set up. I am just saying that it is a recommendation of the NWT Chamber of Commerce...

MR. SPEAKER: Could we try it again?

Return To Question 3-85(1): Advisory Committee To Government Leader

HON. RICHARD NERYSOO: Yes, Mr. Speaker, just to indicate again to the honourable Member that that recommendation came from the NWT Chamber of Commerce. It has not been accepted yet. I have not, in fact, reviewed the recommendations that have been made nor have I made any decisions of that nature. It is a matter that should go before the Executive Council and it should not be any council that should be conflicting with the NWT Business Council that now reports to and works with the Minister of Economic Development and Tourism.

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

Item 5, written questions.

Item 6, returns. Item 7, petitions. Mr. Pudluk.

ITEM 7: PETITIONS

MR. PUDLUK: I have a petition here. It is addressed to the Minister of Local Government. Petition 1-85(1), for the recognition of a settlement steering committee for the community of Nanisivik. I am sorry, I will not call the signatures, it is a whole page. Thank you.

MR. SPEAKER: The records will show we have a whole page.

---Laughter

Are there any further petitions? Mr. Gargan.

MR. GARGAN: Thank you, Mr. Speaker. I have Petition 2-85(1) for the Minister of Local Government from Kakisa Lake, asking that Kakisa be declared a settlement. It has 27 signatures.

MR. SPEAKER: Thank you, Mr. Gargan. Are there any further petitions?

Item 8, reports of standing and special committees. Item 9, tabling of documents.

ITEM 9: TABLING OF DOCUMENTS

Under this item of tabling of documents, another first for the Legislature will occur. The Auditor General of Canada is required by the NWT Act to report to this Legislature. In the past, reports of the Auditor General have been forwarded to the Commissioner for the tabling in this House. The Auditor General feels that the report should come directly to the House to which he is responsible. I therefore beg to inform the House that I have laid on the table Tabled Document 3-85(1), the report of the Auditor General of Canada on "any other matter" for the year ended March 31, 1984. Any further tabling of documents? Mr. Pudluk.

MR. PUDLUK: Thank you, Mr. Speaker. I would like to table at this time Tabled Document 4-85(1), concerning the road from Arctic Bay to Victor Bay. It is a letter sent to John Parker which is dated November 30, 1983, a letter sent on December 16, 1983, and a list of the reasons why they need the road between Arctic Bay and Victor Bay. There are some eight reasons for that proposal. Thank you.

MR. SPEAKER: Thank you, Mr. Pudluk. Tabling of documents. Mr. Butters.

HON. TOM BUTTERS: Mr. Speaker, I hope it might be appropriate to table a press release here entitled "Government Budget Wins Award", Tabled Document 5-85(1). This is the press release. The award I am referring to is from the Government Finance Officers Association of which there are about 4000 governments involved. They examine budgets and for the last budget year 1984-85, this government has received the distinguished budget presentation award. And it is a very rare honour.

---Applause

I cannot table this but I...

MR. BALLANTYNE: Did we win the war or awards?

---Laughter

AN HON. MEMBER: Both.

HON. TOM BUTTERS: Well, the war hasn't ended yet.

MR. SPEAKER: Well I presume inasmuch as you are going to retain the loot that you will at least provide a picture of it for our records and documentation. Thank you. Tabling of documents. Mr. Pudluk.

MR. PUDLUK: Thank you, Mr. Speaker. I would like to table a document at this time. Tabled Document 6-85(1), a letter from Resolute Bay Hunters and Trappers Association to the Minister of Renewable Resources. It is concerned with the polar bear quota on Melville Island, and also the establishment of an assistant renewable resources officer in Resolute Bay because of too much work looking after the two settlements at the same time. I thought it was a good idea to bring this up in this House. Thank you.

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

Item 10, notices of motion.

Item 11, notices of motion for first reading of bills.

Item 12, motions. Item 13, first reading of bills. Mr. Nerysoo.

ITEM 13: FIRST READING OF BILLS

First Reading Of Bill 1-85(1): Interpretation Act

HON. RICHARD NERYSOO: Mr. Speaker, I move, seconded by the honourable Member for Inuvik that Bill 1-85(1), An Act to Amend the Interpretation Act, be read for the first time.

MR. SPEAKER: Do we have unanimous consent?

SOME HON. MEMBERS: Agreed.

---Agreed

MR. SPEAKER: Are there any nays? To the motion. All those in favour? Opposed, if any? Bill 1-85(1) has had first reading.

---Carried

First reading of bills. Item 14, second reading of bills. Mr. Butters.

ITEM 14: SECOND READING OF BILLS

Second Reading Of Bill 7-85(1): Appropriation Act, 1985-86

HON. TOM BUTTERS: Mr. Speaker, I move, seconded by the honourable Member for Mackenzie Delta, that Bill 7-85(1), An Act Respecting Expenditures for the Public Service for the Financial Year Ending the 31st Day of March, 1986, be read for the second time. The purpose of this bill, Mr. Speaker, is to provide for expenditures for the public service for the financial year ending the 31st day of March, 1986.

MR. SPEAKER: Mr. Clerk, is that bill in order without consent?

CLERK OF THE HOUSE (Mr. Hamilton): Yes, it is okay.

MR. SPEAKER: It is okay. To the principle of the bill. Mr. Butters.

Minister's Preliminary Remarks

HON. TOM BUTTERS: I would like to use this occasion to introduce the budget for the GNWT for the next fiscal year and before speaking from my prepared text, I would like to indicate that I think the period which we are entering now of formula financing is a major leap along the road to fiscal accountability and fiscal responsibility and self-government.

In other jurisdictions and in other Houses it is the time-honoured practice of the Minister of Finance on giving a budget address, to appear in the House with a new pair of shoes. I did this on the occasion of my first budget but last year I used the same pair of shoes because it was a restraint budget. This year I have come suitably attired in northern footwear, sir, to indicate that this is a budget that has been constructed and put together in the North. And this is a departure as you well know from past procedures in that the priorities and the directions have been developed by the Executive Council in consultation and conjunction with the standing committee on finance Members, and Members of this House, as we have received direction from them.

Budget Address, 1985-86

Mr. Speaker, for some six years the Executive Council, with the concurrence of this House, has urged that the financial arrangements negotiated annually between the GNWT and the Government of Canada should be based on a multi-year commitment to allow for greater fiscal autonomy in the NWT. Members will recall this requirement being identified by the special representative for constitutional development in the NWT, the Hon. C.M. Bud Drury in his report to the Prime Minister in December 1979, when he recommended that "changes to the budgetary process are considered essential to the evolution of both local and territorial government in the NWT".

The realization of that objective, I am pleased to report, Mr. Speaker, has been achieved. It could not have been accomplished without the support and assistance of the responsible federal Ministers. I also express my gratitude to the federal and territorial officials involved in the negotiations.

With this budget, the GNWT now has the ability and responsibility to identify its own priorities and allocate its resources accordingly. The importance of this significant development cannot be overstated. The financing by formula of this government's expenditures is critical to the development of full responsible government.

It is not my intention here to explain the technical details of formula financing, except to mention that the agreement identifies a base level of funding and future factors of growth.

Benefits To Be Derived

The budgetary plan for 1985-86 reflects a redirection of effort and funding toward the priorities identified by this Assembly at last years budget sessions and the recommendations of the special committees on housing and education. This beginning, Mr. Speaker, will be further developed in the months ahead as we focus on the benefits this government will derive from our new financial arrangements. Specifically:

- the development of more effective procedures for identifying capital program objectives, planning capital infrastructure, and determining funding guidelines.
- the development of more effective procedures for translating the priorities of the Legislative Assembly into practice. Obviously, this exercise includes the identification of low priority programs which should be reduced or eliminated.
- the development of a strengthened revenue and taxation analysis capacity which will review and constantly monitor the existing territorial tax structure and identify potential initiatives to provide a more equitable distribution of the revenue raising burden.
- the development of a strengthened economic analysis and policy capability. This capability will facilitate a better understanding of development needs, complement private initiative in achieving economic goals and promote more economic conduct of all government undertakings in the Northwest Territories.
- the development of a strengthened internal expenditure restraint program. The restraint actions of our departments and regions can thus provide funds for reallocation to priority programs of this Assembly.

Mr. Speaker, through such measures I expect that this and future budgets will reflect, more than ever before, a redirection of government effort sought by territorial residents.

In any consideration of territorial priorities and objectives, it is incumbent on the Government of the Northwest Territories to ensure its budget credibility with the federal government. On November 8, 1984, the Minister of Finance, the Hon. Michael Wilson, tabled a document entitled "An Agenda for Economic Renewal for Canada". In condensed form the message is that the federal deficit must be reduced, the steadily rising federal debt must be limited and there must be stimulation of private investment.

Mr. Wilson noted that the issues targeted for review and improvement are government duplication, regulation, intervention, taxation and federal-provincial relations. All have long been outstanding issues in the North and in Canada. Mr. Wilson further stated that all economic groups and regions should bear their fair share of the burden.

Mr. Speaker, transfers to the provinces and the territories will not be insulated from this federal examination. Unfortunately, we do not know at this time the extent or nature of how these federal reviews will affect the Northwest Territories. However, this in no way dampens our enthusiasm for formula funding and its importance to us as a government.

Economic Overview, Canada

Mr. Speaker, the early 1980s have been difficult years and while there appears to be a turning of the recessionary tide, the remainder of this decade is not expected to be a period of substantial growth.

In 1983 and 1984, most industrialized nations began their recovery from the recession, but it was an uneven recovery. Growth in the United States economy rebounded sharply but now appears to be abating. Other countries, including Canada, did not fare as well. Canada's recovery was slower and was concentrated primarily in the heavily industrialized provinces. Sluggish recovery was and still is evident in other provinces.

Governments in Canada undertook tight fiscal policies in an attempt to reduce their deficits and control the growth of government. These policies have met with some success in curtailing government growth, through reduced wage gains and a lowering of inflation rates. Annual inflation now stands at 4.4 per cent, a figure which is lower than that of our major trading partner, the United States. However, interest rates remain high relative to inflation.

Although the Canadian results of mid-1984 were encouraging, projections for late 1984 and 1985 do not appear positive for the unemployed, particularly young Canadians. In 1984 Canada's unemployment rate continued at post-war highs. One year ago that figure averaged 11.5 per cent, representing approximately 1.3 million Canadians out of work. It now stands virtually unchanged. Without the marked improvement in the automobile sector the situation could have been even worse as consumer demand and spending is still behind pre-recession levels. We are, however, encouraged by the federal government's objective of "putting Canadians back to work".

For 1985, it is expected that the United States will have limited success in significantly reducing its large deficit. The result could be a slowing of economic growth in all industrial countries, including Canada. For example, leading economists are predicting the Canadian economic growth for 1985 to be only 2.5 per cent while averaging 3.4 per cent to the end of the decade. We are hopeful that efforts on the part of the federal government to trim the federal deficit while attempting to stimulate private investment will improve the Canadian situation.

It is therefore incumbent upon all governments in Canada to provide a climate for revitalization of private investment in order to reduce unemployment and to restore consumer confidence.

Economic Review, NWT

Mr. Speaker, I would like to review and highlight some of the more significant events of 1984 that had or will have an impact on the territorial economy.

During the past year, as with the previous year, other parts of Canada felt the effects of recession more strongly than did the Northwest Territories. The exceptions were Ontario and Quebec with an upturn in their manufacturing sectors and Saskatchewan with a revitalized mineral resource base. The Northwest Territories was cushioned somewhat by strong industry, government and consumer spending that allowed our territorial level of economic activity to expand from \$1.2 billion to \$1.4 billion.

Unemployment figures for the 21,000 people who make up the territorial work force are still, unfortunately, not collected by Statistics Canada because of problems of definition and meaningful comparisons. To overcome this deficiency our government recently embarked on a labour survey for the Northwest Territories. The objective of this survey is to determine unemployment levels in all communities, along with the size and nature of the skilled labour pool. Hopefully, the results will help both the government and the communities to plan job-creation projects and affirmative action programs that will be reflected in the budget for 1986-87. We will also use the information on the skilled labour force to encourage employers to make more use of local labour. This approach will complement the past approach of using social assistance figures to provide us with indicators of unemployment levels.

The Northwest Territories cost of living unfortunately continues to be one of the highest in all of Canada. The cost of living factors for Yellowknife and Pelly Bay are higher by 30 per cent and 130 per cent respectively -- more in Grise Fiord -- when compared to Edmonton. Northern wages are not proportionately higher to offset these higher living costs.

Tourism played a major role in our economy in 1984. The tourist population increase over 1983 is attributable in large part to the Yellowknife anniversary and the growing attraction of the North to visitors. This government, in recognizing the tourism potential of the North, has undertaken to develop a Northwest Territories pavilion for the 1986 exposition in Vancouver. We expect this initiative to encourage the creation of new jobs in the tourism and arts and crafts sectors.

There are other positive developments of particular importance to our economy. First, with the mining industry showing encouraging results nationally in 1984, there are good prospects for improved prices in 1985. Base and precious metals mining and continuing strength in the automobile industry, coupled with low base metal inventory levels, should continue to stabilize the prospects for lead and zinc. I am hopeful that with the lowering of interest rates and a reducing US deficit, gold prices will rise above the relatively low levels being experienced at present.

Second, in the oil and gas industry, major companies remain committed to frontier exploration in the Beaufort Sea. Gulf Canada has recently made significant discoveries in the area and there are increased expectations that the Beaufort Sea will soon reach the point where commercial development will be economically viable. However, exploration companies advise that while short-term fluctuation in world oil prices would not adversely affect the project, a major reduction in world price would result in a re-evaluation of their commitment.

Third, although crude oil production dropped slightly in 1984, the loss was offset by an increase in natural gas production. Crude oil production will increase by 25,000 barrels per day with the completion of the Norman Wells pipeline. While the completion of the Norman Wells project will see a reduction of construction workers, I expect that other oil and gas developments then could offset this labour loss.

Fourth, the retail trade sector recorded a good year in 1984. Sales levels increased by 19 per cent over 1983, in contrast to the previous year in which sales did not increase.

Fifth, the settlement of native claims will result in transfers of capital and other income from the federal government to native groups, which will contribute to the territorial economy.

Six, in his recent economic statement, Mr. Wilson, the Minister of Finance, said that the federal government is re-examining its role in oil and gas development, particularly with regard to existing grants, taxes and shared ownership of crown lands. If some of the current impediments are eliminated or replaced with more attractive alternatives, new exploration activity could be contemplated. We must ensure that any such changes will continue to make the North an attractive area for frontier exploration and ultimately further commercial developments.

Finally, there is the genuine desire to devolve more authority in program responsibilities to the Government of the Northwest Territories. This could translate into new jobs and/or transfers of jobs to northern locations. This type of activity transfer will help to stimulate the housing industry and the retail sector with other spin-off economic benefits.

Fiscal Strategy

Since fiscal initiatives of this government affect the economic and social climate of the Territories, our current and future strategy must:

- support employment by continuing job-creation programs and manpower training initiatives and by creating an economic environment conducive to private sector investment;
- maintain and improve where warranted, existing levels of support for essential "people services";
- support a basically strong economy through capital initiatives and by stimulating the economic development and housing areas, reinforce the recovery that will take us to sustainable growth;
- lastly, it must make government more efficient.

I am pleased to advise, Mr. Speaker, that work on this strategy has already commenced. When developing the 1984-85 budget, funds were identified and set aside for priorities of the new Executive and the Legislative Assembly. By the summer of 1984, the new Executive had completed its assessment and set the foundation for change evident in this budget that is now before you.

Also in 1984, the Financial Management Board continued its extensive internal expenditure review and restraint program that was successful in 1983. This ongoing review establishes a policy framework for controlled government increases and complements the reallocation of resources based on need and availability.

You will recall in my last budget address I advised that a performance measurement system is under development. Implementation of the pilot project within the Department of Social Services is expected to begin early in the 1985-86 fiscal year. The objective of this performance measurement system is to increase the efficiency, economy and effectiveness of the services delivered by the territorial government. Should the project prove successful, implementation will occur in the Department of Education later in the fiscal year 1985-86, to be followed by the other departments.

1985-86 Financial Summary

Mr. Speaker, the revised financial projections for the fiscal year 1984-85 indicate that a small surplus may be achieved in spite of funds being redirected to priority areas throughout the year. The supplementary appropriations and reprioritized funding for 1984-85 were allocated to:

- The Department of Education to provide additional courses related to the Mackenzie Valley project training program and to construct a 40 bed residence in Rankin Inlet;
- The Northwest Territories Housing Corporation to allow construction of 25 additional public housing units and additional single persons apartment units in various communities;
- The Department of Economic Development for the federal/territorial Economic Development Agreement which provides \$90 of federal funding for every \$10 of territorial funding spent.
- Local Government to provide additional funding for regional and tribal councils and to build or complete community and multi-purpose halls, to replace and improve water and sewer systems, and to store gravel;
- The Department of Personnel, to provide staff housing;
- The Department of Justice and Public Services to complete the Frobisher Bay museum;
- The Department of Social Services to commence implementation of the Young Offenders Act.

It is evident from the foregoing list, Mr. Speaker, this government continued its initiative to fund worth-while programs and projects and to address the Assembly priorities.

1985-86 Budget

Mr. Speaker, before examining the elements of the 1985-86 budget presentation, I wish to express my gratitude to those involved in preparing the main estimates for the fiscal year 1985-86. In particular, I acknowledge the valuable role played by the Financial Management Board and the Executive Council in bringing such a document into existence. Their efforts have produced a fiscally responsible document which is a reflection of the priorities developed by Members of the Legislative Assembly and the standing committee on finance.

Mr. Speaker, Members are aware that our government has not increased taxes in the past year. It may be that new revenue initiatives will be required to obtain funds to increase the level of service to the public. If such measures are to be proposed during 1985-86, they will be fashioned so as not to jeopardize our economic and social development, dampen the level of essential consumer spending or create undue tax burden on our residents.

Mr. Speaker, the 1985-86 budget is set at \$645 million. The revenues are expected to be received as follows: \$440 million from the federal government, as a grant established by formula financing arrangements; \$175 million from territorial revenues; \$30 million for projects carried out for Canada and others.

The formula financing agreement carries with it an initial injection of funding which will provide the Government of the Northwest Territories with the opportunity for a "catch up" on previously deferred capital projects. It will also allow the Government of the Northwest Territories to

allocate funding to areas previously identified as having base deficiencies. This first year funding increase will also provide a stabilization reserve to accommodate contingencies over the term of the agreement.

The operations and maintenance portion of projected expenditures for 1985-86 is set at \$493.5 million, which is an increase of 10 per cent over the revised estimates for the current year. This figure includes a reserve of \$7.5 million for allocation should it be necessary. The capital portion of expenditures will rise by \$25.3 million in 1985-86, to \$122.2 million, an increase of 26.1 per cent from the current year. This amount includes a reserve of \$10 million. Total expenditures proposed, therefore, amount to \$615 million for the coming fiscal year. Adding \$30.3 million for work that is done on behalf of third parties, primarily the federal government, this represents an overall budget increase of 12.2 per cent over the current year.

Major Expenditure Programs

Mr. Speaker, I would now like to turn to several of the major program areas within this government.

Housing Corporation

This government is committed to ensuring that adequate housing is available to the residents of the Northwest Territories. To that end, \$45.8 million was provided to the Housing Corporation in the past year. A major study was also undertaken by the Legislative Assembly's special committee on housing. Members of the special committee have spent many months travelling to over 40 communities in the North to hear first-hand local housing concerns. The interim report has called for significant changes in the way housing programs are administered in the North.

The Housing Corporation's total budget will rise by \$8.5 million or about 20 per cent to \$54.3 million in 1985-86. This will enable us to better address the recommendations of the special committee. Some 216 new housing units will be constructed at a cost to this government of \$7.6 million, while \$6.7 million will be allocated to programs of a repair and maintenance nature, and the home-ownership incentive programs will receive \$5.7 million. This latter program is to encourage residents to own their own homes instead of relying upon the tight and often non-existent rental market.

In addition to the 216 public housing units planned for 1985-86, another 200 units are planned for the following year. This high construction commitment will help alleviate shortages in this important area of the housing market and stimulate employment.

Mr. Speaker, it is also worth noting that the initiatives taken to build and rehabilitate housing units in the North result in significantly greater sums being spent than just those provided by this government. For every dollar we spend on a project, the Canada Mortgage and Housing Corporation is obligated to spend up to three dollars on the same project. The case of the 216 public housing units being planned for next year is a good example. Given present budgetary constraints, this government could allocate only \$7.6 million to the project. The cost sharing arrangements with CMHC will secure an additional \$22.7 million to increase the construction budget for public housing to \$30.3 million. This approach allows us to maximize the economic impact given the limited funds at this government's disposal.

Education

Mr. Speaker, this government continues to place a very high priority on the education of our youth and training of our adults. In continuing to address the recommendations of the special committee on education, major objectives of the department are education authority development, special education, indigenous language programs, pupil and teacher evaluation policy development, adult education and expansion of the college system.

This government remains committed to increasing native involvement in both the wage economy and the political process. As most job training programs require grade 10 entry level, we must first address the needs of the high proportion of the adult native population which has not achieved a grade nine level of education. It is therefore essential that adult retraining receive major emphasis over the next several years.

In the upcoming year, the department may extend the grade range presently offered in some of the community schools so that grade 10 is available in a greater number of the smaller communities. It is anticipated this will not only encourage students to stay in school longer, but may eliminate some of the social disruption which now occurs for those students who must leave their home community to enrol in grade 10.

In the fiscal year 1985-86, Education will increase its total budget by six per cent to \$112 million. Major undertakings include the establishment of a one year diploma program in public and business administration on the Frobisher Bay campus, the commencement of the implementation of divisional boards, and a start in the provision of individualized programs for physically and mentally handicapped students, as well as for gifted students. On the capital side, funding is being provided for new schools in Holman Island and Sanikiluaq, a school addition in Arctic Bay, classroom expansion in Yellowknife and a major expansion to the trades complex building at Thebacha College in Fort Smith.

Planning will also continue on the \$17 million Keewatin education centre in Rankin Inlet. When completed, this facility will provide grades 11 and 12 to students throughout the Keewatin Region. The \$4.9 million hostel is now nearing completion and construction of the main building will begin in 1987-88.

Public Works And Highways

Mr. Speaker, in the past year over \$85.2 million was directed to the operations and maintenance function of Public Works and \$12.2 million into capital. This reflects the high cost of maintaining and operating public structures and transportation links in the North. Using both its own forces and increasingly through contracts with the private sector, government buildings, equipment and works such as piped water and sewer are operated and maintained. Maintenance of the territorial highway system includes the operation of ferries.

In the upcoming year, the department will implement a government-wide maintenance management system. This will assist in financial planning and budgeting in the O and M area by eliminating the need for premature and expensive replacement of buildings and vehicles.

Conservation programs will continue to be implemented by the department. The goals of these programs are to improve energy conservation awareness and reduce energy consumption in both the private and public sectors. With annual home utility costs reaching \$10,000 in many communities, even a small reduction in these costs will have a significant impact. Related to this program are plans to continue the implementation of waste heat recovery systems throughout the Territories. These systems retrieve what was formerly waste heat at electrical generating stations and convert it to usable heat for the communities.

In 1985-86, capital expenditures for such programs as upgrading of buildings, including major repairs to schools, highways and equipment have been set at \$11.7 million. This also includes further paving of the Mackenzie highway and reconstruction projects along the NWT highways system.

Social Services

In the past year, the Department of Social Services has played and will continue to play a key role in the implementation of the federal Young Offenders Act within the NWT. During this first year, the scope of the program included all people between 12 and 15 years of age.

The department has implemented an experimental fine option program in the Inuvik Region. This program is designed to keep non-violent offenders out of jail. Under this program, such offenders are given the option of paying assessed fines, going to jail, or working to pay the fines off. Currently, in the Inuvik Region, about 25 per cent of offenders who receive fines end up in jail for non-payment of those fines. Similar programs in other areas of Canada, particularly Saskatchewan, have proven to be very successful.

The department's combined operating and capital budget will amount to \$42.9 million in 1985-86. The fine option program will be implemented in all regions of the NWT. Community correctional programs will also be developed so that the problem of displacing offenders from their home communities can be avoided wherever possible. A high priority will be given to the introduction of

a curriculum which deals with the subject of alcohol and drug abuse. The program would be made available to students from kindergarten to grade 12. It is hoped that this program will have a beneficial impact on this most serious of social programs in the North.

Major construction activities include young offenders facilities, renovations to the Yellowknife Correctional Centre, the final stages of the new Baffin Correctional Centre and various new senior citizen facilities and group homes for handicapped persons.

Local Government

Mr. Speaker, this government continues to encourage and support the development of responsible local government.

In the past year, municipalities have exercised restraint and have demonstrated a real will to participate with the rest of the nation in keeping inflation down. Only seven of the 29 hamlets are projecting a year-end deficit, an improvement from two years ago when 50 per cent of the hamlets in the Territories were in a deficit position.

During 1984, the department spent over \$27 million on the construction of community halls, recreation facilities, roads and municipal services in settlements, hamlets and tax-based municipalities. In addition, over \$25 million was directed toward municipal government. This support will increase to almost \$30 million in 1985-86.

Departmental priorities include the first phase of a road construction project around Tuktoyaktuk harbour, the design of upgraded sewage treatment facilities in Norman Wells, assisting the city in the progressive replacement of the original part of the Yellowknife sewer system at a 1985-86 cost...

---Applause

Thank you, gentlemen ...at a cost of \$2.5 million, lot development in order to relieve a severe shortage of developed residential lots in many communities, and assistance for communities in developing individuals skilled in recreation administration and programming.

In the past year there were other major initiatives taken by this government including a 25 per cent budget increase from last years main estimates for the Department of Economic Development and Tourism and a similar increase for the Department of Renewable Resources. These increases are in line with our overall objective of job creation. The Department of Health received approval to build a new \$42 million Yellowknife Stanton Hospital with funding being provided by the federal and territorial governments.

Looking To The Future

Mr. Speaker, last year I spoke favourably about the work of the royal commission on the economic union and development prospects for Canada. The new federal government has also embarked on an extensive examination of its future economic prospects. This process is taking place through discussions and papers on practically every facet of federal government involvement as well as a potential overhaul of the Canadian tax system. I fully expect that this government will be requested to participate in these meaningful and long overdue reviews of the Canadian economic potential.

For our part, we as a government, will revisit our governmental goals to ensure that our strategies are in tune with new federal initiatives and that they continue to meet the needs of our diverse population and geographically large area. Our budgetary process will continue to be modified, as necessary, to put into place those mechanisms required to fulfil our governmental goals.

Conclusion

Mr. Speaker, we will review our economic and social strategies to ensure they create jobs, maintain the integrity of our social programs and build on the infrastructure we now have in place in the NWT. The budgetary plan put forward today will protect and improve existing and new services and will guarantee the fiscal integrity of the Territories.

The principle of fiscal responsibility means that the GNWT, and particularly this Assembly, must accept the role, and here I quote Mr. Drury, of "resolver of conflicting territorial interests in determining its budget strategies". With formula financing, the exercise of fiscal responsibility at the political level has become a reality. As a consequence, the budget process becomes a high priority of Members and the Executive in order that program priorities can be identified and funded.

This budget session is the beginning of the budget process for 1986-87. While recognizing that we must live within economic constraints, this is your opportunity to identify and propose territorial priorities and directions.

Mr. Speaker, I wish to assure this House that this government, with the support of the standing committee on finance and public accounts, will continue to provide responsible fiscal management for the public funds we hold in trust on behalf of the people of the NWT. Thank you.

---Applause

Second Reading Of Bill 7-85(1), Carried

DEPUTY SPEAKER (Mr. Wah-Shee): Thank you, Mr. Minister. To the principle of the bill. Are you ready for the question? Question has been called. All those in favour? Opposed, if any? Motion is carried.

---Carried

Bill 7-85(1) has had second reading. I order the bill as an item under the committee of the whole. Item 15, consideration in committee of the whole of bills and other matters, with Mr. Sam Gargan in the chair, dealing with Bill 7-85(1).

ITEM 15: CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS AND OTHER MATTERS

PROCEEDINGS IN COMMITTEE OF THE WHOLE TO CONSIDER BILL 7-85(1), APPROPRIATION ACT, 1985-86

CHAIRMAN (Mr. Gargan): The committee will now come to order. We are on Bill 7-85(1). We are dealing with the main estimates, this booklet here. Does the Minister wish to add anything else to the main estimates, to Bill 7-85(1)?

HON. TOM BUTTERS: Just briefly, thank you, Mr. Chairman. The document as presented here includes a slightly different format than in the past. We have attempted to respond to the suggestions of the standing committee on finance and past standing committees. The order of departments' appearance before Members has been developed in consultation with the chairman of the standing committee on finance and I believe that he may wish to have some remarks on the document as he has been quite involved in working with me on it.

MR. BALLANTYNE: Who is that?

HON. TOM BUTTERS: I said that you have been quite involved with me in working on this document. Well, if you want to say something about the -- maybe the chairman of the standing committee on finance may wish to say something of a general nature about the document.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Mr. Ballantyne.

MR. BALLANTYNE: I really like the Minister of Finance.

CHAIRMAN (Mr. Gargan): Could you turn on your mike?

Comments From Standing Committee On Finance

MR. BALLANTYNE: Mr. Chairman, the standing committee on finance will be preparing a written report on the budget. Because of time constraints, because of the fact that some of the information we requested is just coming in now and because it is difficult to have a meeting with the various Members since we had the review, we will be doing that later on in the budget session, probably in

the last week, or two. So, at this point in time, I do not have any comments to make other than we have, in co-operation with the Minister and the Executive Council established a batting order, as it were. I suppose the Minister or I could make that available. I could read it out for you now, the order of departments. What the committee, the Minister and the Executive Council agreed to is that first of all we would do the Legislative Assembly and the Speaker, Mr. Stewart, or his designate will appear in front of this group; second, the Executive Council office and the Hon. Richard Nerysoo, the Government Leader; then Justice and Public Services with Mr. Nerysoo as Minister responsible; Department of Personnel and Mr. Nerysoo is the Minister responsible; the Department of Public Works and Gordon Wray is the Minister responsible; then the NWT Housing Corporation with Mr. Wray as the Minister responsible; Workers' Compensation Board with Mr. Wray; Department of Education with Mr. Patterson as the Minister responsible; the Aboriginal Rights and Constitutional Development Secretariat with Mr. Patterson responsible; Ministry of the Status of Women with Mr. Patterson as the Minister responsible; Department of Finance with Mr. Butters as the Minister accountable; the Financial Management Board with Mr. Butters as the Minister responsible; Economic Development and Tourism with Mr. Curley as the Minister responsible; Renewable Resources and Ms Cournoyea is the Minister responsible; Department of Information, with Ms Cournoyea as the Minister; Department of Local Government, Mr. Sibbeston; Ministry of Culture, Mr. Sibbeston; Department of Health, Mr. McLaughlin; Department of Social Services, Mr. McLaughlin; Highway Transport Board, Mr. McLaughlin; Government Services, Mr. Butters; Energy, Mines and Resources Secretariat, Mr. Curley; and Public Utilities Board, Mr. Curley.

So, that was the agreed order of departmental and secretariat appearances. I will leave it to the chairman, if you could start off, with your permission, Mr. Chairman, with the Legislative Assembly.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Ballantyne. Any of the Members have general comments? Does the committee agree to hear the departmental details of 1985-86 main estimates? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): We will go to pages 1.1 to 1.4, Legislative Assembly. Is the committee prepared now to go into the Legislative Assembly main estimates? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Legislative Assembly

Total O And M, Agreed

CHAIRMAN (Mr. Gargan): Page 1.4. Legislative Assembly, total O and M, \$4,031,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Thank you. Total capital, \$47,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total Expenditures, Agreed

CHAIRMAN (Mr. Gargan): Total expenditures, \$4,078,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): This will conclude Legislative Assembly. We will now proceed to the Executive, page 2.1. Mr. Nerysoo.

Department Of The Executive

HON. RICHARD NERYSOO: Mr. Chairman, if you could allow me to make my opening statement prior to seeking consent of the House to bring in witnesses.

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

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Okay, go ahead Mr. Nerysoo.

HON. RICHARD NERYSOO: Thank you, Mr. Chairman. I would like to present for your consideration the expenditure plan for the Department of the Executive for the fiscal year 1985-86. The Department of the Executive is comprised of the Executive Council secretariat, the Priorities and Planning Secretariat, the Audit Bureau and regional operations secretariat, the Ministers' Offices and the Commissioner's Office. My honourable colleagues, Messrs. Curley and Patterson, will speak for their respective responsibilities for the Energy, Mines and Resources Secretariat, the Aboriginal Rights and Constitutional Development Secretariat and the Status of Women Secretariat. The Department of the Executive has 155 person years budgeted for the 1985-86 fiscal year, an increase of one per cent over the previous year. The department's overall operations and maintenance budget has increased nine per cent. You may also be interested to note that the continuing change to ministerial government is reflected in part in the 13 per cent decrease in the total expenditures allotted to the Commissioner's Office.

Budget Reflects New Direction

The department's 1985-86 budget reflects the new direction for government established through the priorities exercise. Specific priorities for which each department has been funded include: constitutional reform, \$350,000 has been added to provide for negotiation for the transfer of remaining provincial-type functions held by the federal government; healthy lifestyles, \$200,000 to enable the women's secretariat to respond to the recommendations made by the task force on spousal assault; non-renewable resource development, \$100,000 to provide additional support for development impact zone groups.

The review of priorities also gave rise to the need to re-evaluate organizational arrangements within the Executive branch agencies as well as other departmental functions affected by priorities. During the discussions relating to priorities it became evident that there was a need for a number of organizational changes to increase efficiency and to assign new responsibilities required to implement the priorities. The deputy minister of the Executive Council has been assigned to make recommendations to the Executive Council on these issues.

Accomplishments in fiscal year 1984-85 include the completion of a major NWT labour force survey conducted by the statistics bureau and regional offices to collect, on a community basis, labour force participation rates as well as employment and unemployment figures. This is part of the government's priority of economic renewal to enable government to understand problems and plan future programs.

Not yet reflected in the Executive's budget is the \$16 million that we were able to negotiate for the enhancement of the aboriginal languages. Despite assurances from the federal government no money has been transferred to the Government of the Northwest Territories. I will be providing more information on our progress later on in the session.

Mr. Chairman, to conclude my opening remarks, I will ask the committee's indulgence to have the deputy minister of the Executive Council, Mr. Bob Pilot, and the deputy secretary, Mr. Dick Abernethy, join me at the witness table.

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

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Thank you. Mr. Minister, would you bring in your witnesses? Is the committee prepared to get into the main estimates of the Department of the Executive? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Page 2.3, Commissioner's Office. Mr. Ballantyne.

MR. BALLANTYNE: I am not sure of the procedure, but could we have some general comments on the department before we get into it line by line. Is that the normal way?

SOME HON. MEMBER: As long as you are decent.

MR. BALLANTYNE: I am always decent.

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

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Gargan): Okay, Mr. Ballantyne.

Priorities Process

MR. BALLANTYNE: Some general questions, I think, before we get into the specific details. Questions probably could be brought up as we go through each one of the functions but it probably would be better if we could, for now, just look at the Executive Council in their overall role. I wonder if I could ask Mr. Nerysoo -- the Executive Council has come up with priority funding which, I think it is generally agreed by the Assembly, was much needed. We did have some problem, I think Mr. Nerysoo mentioned it in his opening remarks, as to how priorities are developed and I think the Government Leader recognizes some problems in how priorities are developed. I wonder just for the House's edification if the Government Leader could explain the process, now, in developing priorities and what are the Government Leader's own feelings about priorities. Are we talking about short-term priorities, long-term priorities and does he have any ideas, at this point in time, how that process can be improved?

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

HON. RICHARD NERYSOO: Well, Mr. Chairman, I had intended to make quite a lengthy presentation on the priorities process and a priorities document that I wanted to table in this House. I believe that that would be a better way of making known that process, and the concerns we have probably with regard to that and how to improve the situation. That would be the time, and I believe that it would be in the interest of the Members to allow me to make that particular presentation. I just do say one thing, though, that with regard to priorities, it is not a matter of only what the Executive Council feels are priorities for the Executive Council. What we do is we review the comments that have been made in the Legislature, review some of the suggestions that have been made by Members along with some of the requests that have been made by organizations or communities throughout the Northwest Territories and we respond by trying to allocate appropriate funds to deal with those particular requests. In some cases, the requests are on an emergency basis; in others, it is on a long-term commitment that we have to make as a government. There are a number of ways that that can be done. If it has to do with operations and maintenance funds, then, it is a matter of either changing program direction, either reducing or removing particular programs in government so that we either increase or create new programs to deal with those kinds of initiatives and those kinds of priorities that we can, as a government, see from the comments that are made by either Members of the Legislature or organizations and representatives of communities.

Now, with regard to capital, that at times becomes a little more complicated in that we have a capital planning process where, hopefully, some of the priorities of a community on a longer-term basis can be identified. If that is the case, then we can, in fact, find the appropriate funds

over a longer term. However, there are still some situations and, of course, as my colleague knows within his particular constituency, the problems of Yellowknife sewer system, and we had to locate within our financial resources, funds to respond to what is considered to be a very important or immediate concern. We had to find and locate those financial resources.

Now, in some of the cases, some of the projects may be either short-term or long-term and I guess it is a matter then of determining how long or how soon and quickly those financial resources are required. But I will be prepared on a later date, hopefully the middle of next week, to give you a longer presentation on the priorities as we established them this year and what we see as the priority process over the upcoming fiscal year, so that we do not work at cross purposes during the budgetary planning process and development process. So that we are clear about that direction.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Mr. Ballantyne.

Discussion Of Priorities And Planning Process

MR. BALLANTYNE: I do not have a problem with waiting for that statement. I guess the problem is more of a logistical one as, I think, priorities and the planning process, especially the capital planning process, are very important subjects which should be discussed in committee of the whole and we, as a finance committee, have some comments to be made about those but if I could reserve the right for general comments and if the Leader would come back into the House after that then I have no problem with waiting for that time.

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

HON. RICHARD NERYSOO: Mr. Chairman, I just want to indicate that I believe the Executive budget would probably not receive full approval until my other colleague, the Minister responsible for Energy, Mines and Resources has appeared before the House, also, the Minister responsible for Aboriginal Rights and Constitutional Development and the Minister responsible for the Status of Women Secretariat. So, while there are certain areas in the Executive that I would speak on, we still will have an opportunity to return to the Executive budget at a later date. I do not believe that we can seek, or receive final approval until those other gentlemen have had an opportunity to speak to their particular responsibilities within the Department of the Executive.

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

MR. BALLANTYNE: Thank you, Mr. Chairman. I have no problem with that as long as it is understood that some time after Mr. Nerysoo has had the opportunity to make his statement that Mr. Nerysoo will come back in front of this committee of the whole to answer questions on priorities. I have no problem -- my fear is that we might just get through the departments that Mr. Nerysoo was responsible for before he makes that statement, so it is just a logistical problem.

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

HON. RICHARD NERYSOO: Mr. Chairman, I do not believe that is going to be the case. I believe that some of the responsibilities come later on during the budget session. When I do make this statement on priorities, I will be tabling a document and certainly if the case is that we can move that particular document into committee of the whole for discussion at a later date, I certainly see no problem with that at all. I certainly make a commitment either to deal with it through that process or to deal with it after we return back to the Executive budget.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. General comments. We will take a 15 minute coffee break.

---SHORT RECESS

The committee will now come back to order. We are dealing with Department of the Executive. General comments. Mr. McCallum.

MR. MCCALLUM: Mr. Chairman, I just wonder whether we are containing ourselves to just the Executive department, or whether we can make comments on the total budget or certain key aspects of it. If it is only the former then I do not have any difficulty with that but I am just wondering whether it is possible that we may be able to make comments on the general thrust of the Minister of Finance's budget address.

SOME HON. MEMBERS: (Inaudible comments)

CHAIRMAN (Mr. Gargan): Mr. McCallum.

Transfer Of Federal Functions To GNWT

MR. McCALLUM: Mr. Chairman, I do not have any difficulty, I was just unsure. Perhaps I would then like to just move into particulars of this, the Executive. I have a couple of questions that I would want to address and they are in no particular order so I may jump around from page to page. If I could direct the Minister's attention to page 2.5, the Executive Council secretariat, the final paragraph says, "A temporary group is to be established in 1985-86 to lead negotiations on the transfer of federal functions." I wonder if the Minister would give an indication as to what federal functions are being contemplated at this time for transfer by the federal government to the territorial government. I expect that that is what it refers to.

CHAIRMAN (Mr. Gargan): Mr. Nerysoo.

HON. RICHARD NERYSOO: It is not so much any of the transfers that would be contemplated by the federal government but what transfers would be contemplated by the GNWT. I believe that there are certain transfers that can occur. My colleague probably remembers the whole question of forestry, forest fire suppression. The whole question of medical services, particularly in the Baffin Region where there have been consistent requests on the part of the Baffin Regional Council, on the part of the Baffin Region Inuit Association to take over nursing stations. And in those particular cases, we certainly would like to look at other areas of concern or areas that we wish to transfer to the GNWT. I could continue to point out such things as labour relations, things like the whole question of land use planning and management, the issue of resource management control. Some of the issues may not be as simple to resolve as a matter of a discussion item but rather would need some in-depth research, so that we can prepare the appropriate negotiation documents.

The other issue is, no doubt, that there is a need to work with the constitutional forums in reviewing what kinds of transfers could occur without necessarily negatively affecting their efforts to seek a consensus on constitutional institutions in the NWT, but rather to ensure that as a government, we are providing better services and better response to programs or developing of new program areas to respond as we take over those responsibilities.

So, I just wanted to indicate to my colleague, those are generally what we see as the process and the kinds of departmental responsibilities that the GNWT could take over.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Mr. McCallum.

MR. McCALLUM: Thank you, Mr. Chairman. I appreciate that the Minister may have wanted to lead off by making a distinction. I did not think that I had indicated which ones they were prepared -- the ones obviously that we want are the ones that we are concerned with. And I would hope that in one of those would be prosecutorial functions as well. The others that he has indicated are of course those that have been in the making for some time and relate back to what the Minister of Indian Affairs and Northern Development said yesterday in the House about the discussions that lead to joint federal and territorial natural resource management, revenue sharing derived from such development.

Group To Lead Transfer Negotiations

I also referred to a comment of Mr. Butters in his budget speech when he talks about the federal government's Minister of Finance -- his document and agenda for economic renewal for Canada -- and where the federal Minister noted the issues targeted for review and improvement including government duplication. I raised that when I asked the question about this temporary group to be established under the Executive Council secretariat to lead these kinds of negotiations next year. I would hope that that would in fact be one of the things that this government would very seriously look at in terms of these negotiations -- that is the duplication of government services. Because at the present time we still have a great deal or a very large presence of federal bureaucrats in the NWT. I am not suggesting in any way, shape or form that the GNWT should take a hard position on this because there is a need, obviously, for some federal presence in the NWT. But I suggest to you, the Minister responsible for this group, that one of the things that they will look at will be in fact the great duplication of government services. I think it is not only there. We cannot

talk as a government about getting rid of duplication of government services from the federal to the territorial but it must have some bearing on what we as a government are doing in our own ball park as well in the duplication of services. It is personnel and other things.

So, my question is just to get some idea in my mind, of what this temporary group's function is to be, if it is made up of in-House personnel. Are you talking about acquiring other expertise or will it come under the purview of the deputy minister responsible -- that is, as a working group? Is that what is being contemplated?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. RICHARD NERYSOO: Mr. Chairman, certainly I would like to indicate to the honourable Member that our review of the duplication of functions and responsibilities certainly is very important and probably will be a significant factor in any kind of transfer of responsibility that occurs to the NWT. The point that you raised with regard to personnel is certainly one important one. There are a number such as health and medical services. As a government, we have an administration dealing with health and medical services and the federal government has an administration dealing with health and medical services. Public works, we have a good public works responsibility in our government, yet the federal government also has a public works responsibility. So, I think that those are the things -- there are no questions in my mind that that will be certainly an important factor in the types of transfers or the type of negotiations that goes on.

I just say that the working relationship will be to me, through possibly a different process which will be probably reporting to me in that I am going to be responsible for the negotiations. The Ministers themselves will probably be heading the negotiations in the sense of their particular departmental responsibilities but for the actual strategy, the direction that we go, I will be the one that is presenting on behalf of the Ministers, with the support of the Ministers, to my colleagues what direction and priorities really we see. At the moment we have a number of areas that could be transferred but I believe that it is necessary to document those areas and as well document whether or not we have the expertise on hand and what any transfer would entail with regard to either the increase in the man years or recognition of the structures that are in place at present. Any transfer will always have to recognize that the federal public servants have to somehow be protected in that particular process as well. I think that we have to consider that, and therefore in establishing an office or a group that would deal with those types of issues we would be able to have the research done, completed, as well as work co-ordinating the research that is going to be done in other departments as well.

I think that while the whole question of devolution is being dealt with, the question of division is going to have to be taken into consideration as well and not left as an issue outside the question of devolving any further responsibilities to the North but recognizing that there is an impact and trying to research and ensure that we have the best information as to what approach we take so that it helps the process of division as opposed to creating any obstacles.

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

MR. McCALLUM: Mr. Chairman, again what I am simply trying to do here is to perhaps raise the question because that is one of the things -- I think that this federal duplication, regulation, intervention are areas that should be in negotiation, and I just raised that with the Minister hoping that this in fact will make up part of it.

Commissioner's Awards Committee

If I may, Mr. Chairman, move to another division -- page 2.3, the Commissioner's Office -- for a moment, Mr. Chairman, and perhaps direct a question to the Minister. I recognize the worth of the Commissioner's Awards committee, and I recognize that it is his, the Commissioner's bailiwick, if you like. I just wonder if, at the present time, because it seems to me that there were three or four people on the committee, could the Minister indicate to me now just who does make up the committee if he has that information? Perhaps if he does not he could come back. It seems to me there may be some absences, or there may be some people that we could have on it, if in fact it is to continue in the format it was in the past.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. RICHARD NERYSOO: Mr. Chairman, I do not have that information here but certainly I could come back and report that to my colleague.

MR. McCALLUM: I do not want to mislead the Minister, Mr. Chairman. I am just wondering, because I know the late Mrs. Hardy was on it, whether her position has been filled again, as it were, and I wonder whether Bob Stevenson is still on it, for example. I know he was a member. The position may very well have been filled. I laud the work and the recognition given to deserving people in the Territories. I just hope that it would be brought up to date if the committee is to continue as it did in the past.

Ministers' Offices

Mr. Chairman, I would like to move to page 2.4. I wonder if the committee could get some information on the Ministers' offices in terms of ministerial salaries and allowances, the executive assistants' salaries and allowances as well and, Mr. Chairman, I am not talking about the indemnities that are paid to MLAs who serve in ministerial positions, but I wonder if it is possible if the committee -- and I am not talking about now, -- if we can get that particular information.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. RICHARD NERYSOO: Well, I am certainly not at this time prepared to table them here. I think that is a matter on which I would like to seek some direction from my colleagues. I do not believe that there will be any serious problem. I just hope that people understand that when those issues are dealt with that they are dealt with in the context of, and as has been the case, Members on the Executive Council maintaining residences within their constituency and also residences here in Yellowknife which is sort of an unusual situation. That most people that are not resident here, I should say even on an ongoing basis, that that situation does exist.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Mr. McCallum.

MR. McCALLUM: Mr. Chairman, I made no reference to anything untoward, I simply asked if it were possible to get those. There is nothing untoward or evil in the request I made and if I have given that impression, mea culpa again. I simply wanted to know if it were possible to get them, that is all.

AN HON. MEMBER: (Inaudible comment)

MR. McCALLUM: Not as much as you are. That is all, it is only a request and if the Minister will provide it, that is all I am asking.

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

MR. BALLANTYNE: Thank you, Mr. Chairman. I just had a discussion with most of the Members and I guess everybody is aware a lot of the Members have just come into town in the last day and I think a lot of the Members would like some time to review their notes tonight. So, I think we will be reporting progress early and I think it is important that everybody has a chance to look at some of the detailed work that has been done.

Co-ordination Of Government Strategy

But, for now, I think there is the possibility to ask some very general questions about the Executive Council. I think it is an appropriate time and I have a question I would like to ask the Government Leader -- he might not have an answer for it now. I have recently been in Ottawa and I know the government is coming to grips with this but talking to some of the bureaucrats and politicians in Ottawa, there appears to be, rightly or wrongly, a perception that this overall strategy of the Northwest Territories government has not really been formulated, that different Ministers are having their own agendas, each one of them quite valid, but perhaps giving some confusing signals to federal bureaucrats and politicians. I think the Minister touched on that, that it is very, very important now, that any Minister who goes to Ottawa vets it through the Leader so that they are part of a comprehensive game plan and then Ottawa politicians and bureaucrats do not get mixed signals and are aware of what are our priority items on our agenda and which are not so important. I wonder, is there a timetable framework putting that together and what is the Government Leader's theory of co-ordinating an overall government strategy in the absence of party politics? It makes it very difficult for the Government Leader.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Ballantyne. Mr. Minister.

AN HON. MEMBER: In 10 words or less.

HON. RICHARD NERYSOO: In 10 words or less? Well, I just want to say that many of the issues that the Ministers are dealing with and have gone to Ottawa to deal with have been issues that have been discussed within the Executive Council and have received the sanction of the Executive Council. I want to indicate to my colleague that we had an opportunity to speak to the Minister of Indian Affairs at an earlier date and raised a number of issues with the Minister of which we made a presentation, we provided him with a document on those issues of concern we raised, which was basically a number of things that had come from Members in this House, and generally some of the priority items that we thought were of interest to the Minister in his capacity as Minister that was an advocate for the Government of the Northwest Territories. Now, there are of course a number of responsibilities that as Ministers we have in dealings with other departments, but we had not had the opportunity to speak to those particular Ministers on the particular items of concern that we had, but rather to update the Minister.

Development Of Co-ordinated Approach

What has happened now is that many of the issues that have been raised have been on the basis of either ministerial conferences or on specific items of discussion with the responsible Ministers. So, in that sense I think there has been some support for those particular discussions that were taking place, but we have been able, I believe, to resolve some of the co-ordination. I think that one of the ideas of the particular working group that we want to establish dealing with the whole question of devolution, transfer of responsibilities and of course division, is to develop a co-ordinated approach as well as to develop a priority process of the issues and items that we would be talking about so that we knew what direction we were going. I believe that over the past few months we have resolved a lot of those particular issues and no doubt we will at some time be making Members aware of the direction in which we wish to go on that issue.

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

MR. BALLANTYNE: I am happy to hear that. It has been a concern of mine and I think that once this comprehensive, overall approach, including priorities and co-ordination of different ministries, is put together, I think it is very important that it is put together almost immediately because the issues that we are facing are upon us. I think the Government Leader is quite correct in saying that everything we do from now on has the spectre of division hanging over it. When we are talking about devolution, we are talking about any of our programs. I think it is very important that that process which the Leader has said is going on is speeded up and it would be good as soon as possible that Members of the Assembly also are aware of those strategies so that Members of the Assembly can work together with the Executive Council so that you do not have different messages coming from individual Members of the Legislature, from individual Ministers. I think it is important enough that we all work together on this one and it would be helpful if even the basic outline of this approach was made available to Members during this session sometime so that, as I said, we can be supportive of those initiatives. Without knowing about them in fact some things that our committees could be doing, for instance the housing committee, could be running actually against the initiatives that the Executive are trying to develop. So, for us to know that as soon as possible, I think is better for all concerned.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Ballantyne. Mr. MacQuarrie.

MR. MacQUARRIE: Thank you, Mr. Chairman. We heard yesterday the Minister of Indian Affairs setting 1987 as a target for division and myself, I do not think that is a realistic target, but it is what we are going to work with. I think certainly in a new western territory we would hope that when division occurs we will have advanced as far as possible toward responsible government. So, it is not only a question of transferring particular jurisdiction from the federal government to the territorial government but also advancing responsible government and we all know that next year around this time there will be a ministerial review at which time some of you might be sitting over here wondering why everything is confidential.

HON. TAGAK CURLEY: Oh, what have you got in mind?

Role Of Commissioner

MR. MacQUARRIE: But my question, Mr. Chairman, is simply, is the Executive giving some thought during this coming year to reducing further the role of the Commissioner? Again, I reiterate that I believe that he is a very fine and competent person and so it is not in any personal sense that I raise that, but is it possible that when we have the ministerial review we might have nine elected Executive Council Members and the Commissioner not an active member of the Executive Council at all? Is there some thought being put by the Executive in that direction?

MR. CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. RICHARD NERYSOO: Whenever you people on the corner there decide which is going to come over you can move over here. Over there, I should say, over in that corner, yes. Anyhow, I think that the whole question of review of the responsibility of the Executive Council, the Government Leader, the responsibilities of individual Ministers certainly is an issue that continues to be under review. There is no question that I and probably my colleagues see less and less of a role for the Commissioner to play as a Member of the Executive Council. I believe, even the Commissioner believes, that he sees himself less of a political tool, and that position should be moved to the category where it should be, and that is that of the lieutenant-governor role. But we have not had any discussions with regard to additional Executive Council Members.

Role Of Government Leader

I have not had the opportunity to advance to my colleagues because we are in the process of reviewing the role of the Government Leader, the structure of the Executive, while it may appear the way it does now, may change very dramatically. I believe there is an administrative side to the responsibility of a Government Leader, but there is also a political side, to deal with the political direction and the relationship that particular Government Leader has with the Assembly, with the Members of the Assembly and with the Executive Council as well, giving political direction. So, I think we have had those discussions today. We have made some decisions. I hope to at some time make the Members here -- and it will occur during this particular session -- aware of that particular direction. We still need to seek final approval in its implementation.

Certainly the whole question of the negotiation, the question of devolution, division and the role we see ourselves playing is important because as much as the whole question of division and the transfer of responsibilities and new insitutions of government and structures of government has been placed in the hands of the Constitutional Alliance, we still have a very major role in that process. It is important that from the experience that we have had as a government, that we give advice to the Constitutional Alliance as a government, as to things we see that could change in the interest of better government, as opposed to conflicting with, or causing confrontation between the two processes.

So, I think that that is what we intend to do and I have gone a little further than probably the question you pose but certainly there is an ongoing review of that particular role. There is no question that we will, at some time, come back in future, possibly to indicate what changes might occur because there is a need to work with the Minister of Indian Affairs to make those appropriate changes as well. It is not so much working in isolation of the Minister.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. General comments. Any further general comments. Mr. Ballantyne.

Response To Media Criticism

MR. BALLANTYNE: What I want to do is give the Government Leader an opportunity to respond to some of the criticism of the press. We had a conversation yesterday about an article in the paper about the sewer and water system in Yellowknife, talking about why it was not in the capital plan and up to that point nobody could say that, in fact, the situation has been dealt with but today we can. In fact, \$2.5 million have been allocated out of priority funding of emergency level to the city of Yellowknife and we as Yellowknife MLAs are very pleased with that. I was a little bit displeased to see that "now Nerysoo says it's Ballantyne's fault", if you remember the article. I know there have been other criticisms of the Government Leader with his relationship to the press and I would like to hear his side of the story. If I could make one other point, the press quoted me as saying Yellowknifers would be jubilant with this budget. I merely said we were pleased with what little we could do for Yellowknife. I mean, this is jubilation we are talking here, no dancing in the street.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Ballantyne. Does your question have anything to do with the main estimates?

MR. BALLANTYNE: That is a general comment about the role of the Government Leader.

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

HON. RICHARD NERYSOO: No.

CHAIRMAN (Mr. Gargan): Any other general comments. No other general comments? Okay, Mr. Ballantyne.

MR. BALLANTYNE: I thought maybe the Government Leader would like to respond as spokesman for the government as there has been some criticism about the Government Leader's accessibility to the press. I would like, and I think everybody else would like to give him an opportunity to give some of the reasons, from his point of view.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. RICHARD NERYSOO: Well, I am not a person to give too much credit to the media to be honest with you. Every time you respond I guess it legitimizes everything that they say and write or place on the radio or the TV but, certainly, with regard to blaming you, as a Government Leader, it was not necessarily said in those particular words that were in the paper, but I guess that there is a limit to the kind of criticism that can be directed to my government without me responding in defence of that government. It is only, I guess, two paragraphs down that your colleague and representative of Yellowknife blames this government for not having dealt with this situation but I would just say that the debate is over now.

The reality is that we have responded properly, I believe, and I think it shows that we are responsive and a credible government whenever there is ever a need to respond to a very critical situation. We do not always give the information that people want us to give because there is a time and a place to give that information. I would not pre-judge nor make comments with regard to our commitments to Yellowknife or to any other community prior to the Minister of Finance speech to this House and that is the nature in which I work. I think that that would be the nature in which other Members of this House would work but certainly, as I indicated, that debate is over. We have responded properly I believe to the concerns of the Members of Yellowknife, to the residents of Yellowknife and I think that if you are going to be critical of anybody and if the criticism is of such magnitude, I certainly apologize for the words that might have indicated that I accuse someone. I will leave it at that. I usually do not have great comments with regard to accusations but rather try to deal with the issues as they are. There you are.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Perhaps we should keep our general comments or questions related to the main estimates here and, maybe, question them if it is not related to the main estimates, in oral questions tomorrow. Mr. Ballantyne.

MR. BALLANTYNE: The \$2.5 million is part of the main estimates but, I agree, I think that we as Yellowknife MLAs are happy with the response as far as we are concerned -- you know, the situation for now in this area has been looked at quite recently by the government.

Ministerial Government And Decentralization

I could go on to another point. I will get into this in more detail as we get into departments, but an overall feeling of a ministerial government, the role of the Minister and at the same time we are looking at decentralization of government to regions and, at times, it becomes a problem in that process and we will get into the example of local government for instance, where one department decentralizes more quickly than other departments. Number one, it is a problem in, I think, co-ordination of a process and secondly, is it the Government Leader's feeling that ministerial government should be enhanced and if he believes that, does he see some basic problems in decentralization and, in fact, giving more authority to regional directors, for instance, who in fact, still report through the process but as far as real responsibility for people in the field -- you know, whether or not their perception is that their boss is the Minister or the regional director?

I wonder, has the Executive Council, the Leader, developed a philosophy about how we are going about in this very difficult area?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. RICHARD NERYSOO: Yes, Mr. Chairman. There are really two parts to the review process that I would like to take on. Firstly, review of departmental or organizational responsibilities which would include things like the responsibility of directors, the whole question of evolution from headquarters to regions and, for that matter, from regions to communities. The other thing would be, again the increased responsibilities that we might want to take on. The whole question of departmental organizational responsibilities is being headed up and chaired by Mr. Pilot. The other responsibility is going to be led by, but not necessarily directed by me, on the political side. Those are two elements that we see as essential and crucial to whatever decisions we make because we will review the question of, I guess, the role of the directors and the question of the effect of ministerial government on departments or responsibilities, plus the responsibilities that are presently in certain departments and the mandates of those departments because there are probably some departments that we seem to place a lot of responsibility in, that really does not fall within their mandate.

I can give you just a quick example and that is the Department of Justice and Public Services. Now, if we are looking at a Department of Justice, then certainly things like consumer and corporate affairs do not usually fit in with a Department of Justice. The other question of things like mining safety, electrical safety -- we are trying to review where they would fit within the structure of government. We have done some analysis of that. We have some ideas as to how we should approach it but the organizational review group will bring back a report as to which direction, or at least give us some idea what we might be able to do in accomplishing either a restructuring of departments, renaming of departments and looking at roles and responsibilities of people within those structures. That is now in progress and we hope to have some report by the end of this month or probably in early March at the latest.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Any other general comments?

MR. BALLANTYNE: Report progress.

CHAIRMAN (Mr. Gargan): Mr. Ballantyne, are you making a motion to report progress?

MR. BALLANTYNE: Yes, Mr. Chairman.

CHAIRMAN (Mr. Gargan): Motion to report progress is not debatable. All those in favour? Opposed, if any? We will do this again.

MR. BALLANTYNE: Motion to report progress, Mr. Chairman.

CHAIRMAN (Mr. Gargan): The motion to report progress is not debatable. All those in favour? Opposed, if any? This motion is carried.

---Carried

I will now report progress.

MR. DEPUTY SPEAKER: Mr. Gargan.

ITEM 16: REPORT OF COMMITTEE OF THE WHOLE

REPORT OF COMMITTEE OF THE WHOLE OF BILL 7-85(1), APPROPRIATION ACT, 1985-86

MR. GARGAN: Thank you, Mr. Deputy Speaker. Your committee has been considering the departmental details of the 1985-86 main estimates and wishes to report progress.

Motion To Accept Report Of Committee Of The Whole

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

MR. DEPUTY SPEAKER: Mr. Butters. Point of order.

HON. TOM BUTTERS: Mr. Speaker, I understand that when the vote to report progress was taken it was defeated by seven to six and that the chairman of the committee did not appear to recognize the fact that the vote to report progress had been defeated and moved out of committee of the whole and reported to you. I was wondering if you might look into the validity of that action. Should we not be still in committee of the whole, sir?

MR. BALLANTYNE: Mr. Speaker, point of order.

MR. DEPUTY SPEAKER: Mr. Ballantyne, I am required to deal with one point of order at a time, so, therefore, I will have to consider the point of order raised by Mr. Butters at this time.

---SHORT RECESS

Order, please. In regard to the point of order raised by the honourable Member for Inuvik, the Chair will rule on the matter tomorrow.

---Laughter

Order, please. And further in regard to the point of order raised by Mr. Butters, Mr. Butters should have challenged the chairman of the committee of the whole, Mr. Gargan, in regard to the point that he has raised.

Motion To Accept Report Of Committee Of The Whole, Carried

Members have heard the report of the chairman of the committee of the whole. Are you agreed?

SOME HON. MEMBERS: Agreed.

---Carried

MR. DEPUTY SPEAKER: Thank you. Are there any announcements from the floor? If there are none, Mr. Clerk, would you give us the orders of the day, please?

ITEM 17: ORDERS OF THE DAY

CLERK OF THE HOUSE (Mr. Hamilton): Orders of the day, Friday, February 8th at 9:30 a.m.

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

14. Second Reading of Bills

15. Consideration in Committee of the Whole of Bills and Other Matters: Bill 7-85(1)

16. Report of Committee of the Whole

17. Orders of the Day

MR. DEPUTY SPEAKER: Thank you. We are adjourned until Friday, February 8th at 9:30 a.m.

---ADJOURNMENT

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Publications Clerk, Department of Information,
Government of the Northwest Territories, Yellowknife, N.W.T.
\$1.00 per day; \$30.00 for 1st session, \$20.00 for 2nd and 3rd session; or \$50.00 per year
Published under the Authority of the Speaker of the Legislative Assembly
of the Northwest Territories