



LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

4th Session

10th Assembly

HANSARD
Official Report
DAY 18

WEDNESDAY, MARCH 13, 1985

Pages 583 to 627

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

LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

Speaker

The Hon. Donald M. Stewart, M.L.A.
P.O. Box 1877
Hay River, N.W.T., X0E 0R0
Office (403) 874-2324
Home (403) 874-6560
Office (403) 873-7629 (Yellowknife)
(Hay River)

Angottitauruq, Mr. Michael, M.L.A.
Gjoa Haven, N.W.T.
X0E 1J0
Phone (403) 360-7141 (Hamlet Office)
(Kitikmeot East)

Appaqaq, Mr. Moses, M.L.A.
Sanikiluaq, N.W.T.
X0A 0W0
Office (819) 266-8860
Home (819) 266-8931
(Hudson Bay)

Arlooktoo, Mr. Joe, M.L.A.
Lake Harbour, N.W.T.
X0A 0N0
Phone (819) 939-2363
(Baffin South)

Ballantyne, Mr. Michael, M.L.A.
P.O. Box 1091
Yellowknife, N.W.T.
X1A 2N8
Office (403) 873-8093
Home (403) 873-5232
(Yellowknife North)

Butters, The Hon. Thomas H., M.L.A.
P.O. Box 908
Yellowknife, N.W.T.
X1A 2N7
Office (403) 873-7128
Home (403) 920-4411 (Yellowknife)
(403) 979-2373 (Inuvik)
(Inuvik)
Minister of Finance and Government
Services

Cournoyea, The Hon. Nellie J., M.L.A.
P.O. Box 1184
Inuvik, N.W.T.
X0E 0T0
Office (403) 873-7959
Home (403) 979-2740
(Nunakput)
Minister of Renewable Resources and
Information

Curley, The Hon. Tagak E.C., M.L.A.
P.O. Box 36
Rankin Inlet, N.W.T.
X0C 0G0
Office (403) 873-7139
Home (819) 645-2951
(Aivilik)
Minister of Economic Development and
Tourism

Erkloo, Mr. Elijah, M.L.A.
Pond Inlet, N.W.T.
X0A 0S0
Phone (819) 899-8845
(Foxe Basin)

Gargan, Mr. Samuel, M.L.A.
P.O. Box 2131
Yellowknife, N.W.T.
X1A 2P6
Office (403) 873-7999
Home (403) 699-3171
(Deh Cho)

Lawrence, Mrs. Eliza, M.L.A.
P.O. Box 2053
Yellowknife, N.W.T.
X1A 1W9
Office (403) 920-8052
Home (403) 873-2457
(Tu Nedhe)

MacQuarrie, Mr. Robert, M.L.A.
P.O. Box 2895
Yellowknife, N.W.T.
X1A 2R2
Office (403) 873-7918
Home (403) 873-8857
(Yellowknife Centre)

McCallum, Mr. Arnold, M.L.A.
P.O. Box 454
Fort Smith, N.W.T.
X0E 0P0
Phone (403) 872-2246
(Slave River)

McLaughlin, The Hon. Bruce, M.L.A.
P.O. Box 555
Pine Point, N.W.T.
X0E 0W0
Office (403) 873-7113
Home (403) 393-2226
(Pine Point)
Minister of Health and Social Services

Nerysoo, The Hon. Richard W., M.L.A.
P.O. Box 1320
Yellowknife, N.W.T.
X1A 2L9
Office (403) 873-7112
Home (403) 873-5310
(Mackenzie Delta)
Government Leader and Minister of Justice
and Public Services

Paniloo, Mr. Pauloosie, M.L.A.
Clyde River, N.W.T.
X0A 0E0
Phone (819) 924-6220 (Hamlet Office)
(Baffin Central)

Patterson, The Hon. Dennis G., M.L.A.
P.O. Box 310
Frobisher Bay, N.W.T.
X0A 0H0
Office (819) 979-5941
(403) 873-7123
Home (819) 979-6618
(Iqaluit)
Minister of Education

Pedersen, Mr. Red, M.L.A.
Coppermine, N.W.T.
X0E 0E0
Phone (403) 982-5221
(Kitikmeot West)

Pudluk, Mr. Ludy, M.L.A.
P.O. Box 22
Resolute Bay, N.W.T.
X0A 0V0
Phone (819) 252-3737
(High Arctic)

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

Sibbeston, The Hon. Nick G., M.L.A.
P.O. Box 560
Fort Simpson, N.W.T.
X0E 0N0
Office (403) 873-7658
Home (403) 695-2565
(Deh Cho Gah)
Minister of Local Government

T'Seleie, Mr. John, M.L.A.
Fort Good Hope, N.W.T.
X0E 0H0
Phone (403) 598-2303
(Sahtu)

Wah-Shee, Mr. James, M.L.A.
P.O. Box 471
Yellowknife, N.W.T.
X1A 2N4
Office (403) 873-8099
Home (403) 873-8012
(Rae-Lac La Martre)
Deputy Speaker

Wray, The Hon. Gordon, M.L.A.
Baker Lake, N.W.T.
X0C 0A0
Office (403) 873-7962
Home (819) 793-2700
(Kivallivik)
Minister of Public Works

Officers

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

Law Clerk
Mr. Joel Fournier
Yellowknife, N.W.T.

Clerk Assistant (Procedural)
Mr. Albert J. Canadien
Yellowknife, N.W.T.

Editor of Hansard
Mrs. Marie J. Coe
Yellowknife, N.W.T.

Clerk Assistant (Administrative)
Mr. S. James Mikeli
Yellowknife, N.W.T.

Sergeant-at-Arms
S/Sgt. David Williamson
Yellowknife, N.W.T.

TABLE OF CONTENTS

WEDNESDAY, MARCH 13, 1985

	<u>PAGE</u>
Prayer	583
Oral Questions	583
Tabling of Documents	584
Consideration in Committee of the Whole of:	
- Bill 7-85(1) Appropriation Act, 1985-86	
- Department of Finance	585
- Financial Management Secretariat	602
- Department of Personnel	612
Report of Committee of the Whole of:	
- Bill 7-85(1) Appropriation Act, 1985-86	626
Orders of the Day	627

YELLOWKNIFE, NORTHWEST TERRITORIES

WEDNESDAY, MARCH 13, 1985

MEMBERS PRESENT

Mr. Angottitauruq, 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, Mr. Paniloo, Hon. Dennis Patterson, Mr. Pedersen, Mr. Richard, Hon. Nick Sibbeston, Hon. Don Stewart, Mr. T'Seleie, Mr. Wah-Shee, Hon. Gordon Wray

ITEM 1: PRAYER

---Prayer

SPEAKER (Hon. Don Stewart): Orders of the day for Wednesday, March 13. Item 2, Members' replies. Do we have any Members' replies for today?

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

ITEM 4: ORAL QUESTIONS

Question 137-85(1): Problems At Vee Lake Cottage Area

MR. BALLANTYNE: Thank you, Mr. Speaker. I have a question for the Government Leader, but I think it has implications for the Minister responsible for Local Government, also the Minister responsible for Economic Development. The problem is on Vee Lake road which is the access to Walsh Lake. There are a number of problems and there will be letters going to the three Ministers from the Walsh Lake cottage owners' association.

The first problem is that there is garbage all over the parking lot at Vee Lake. The second one is that people are using firearms all around there. There is a lot of worry because there are a lot of tourists and people who have cottages at Vee Lake who are concerned about the use of firearms. The third one is the vandalism. Cars are being shot up, boats are being shot up and I would like to ask the Government Leader if he could look into it. If he would look into the possibility, number one, of having police patrols out there, and number two, the possibility of working in conjunction with the Minister responsible for parks about having some sort of garbage pick-up out there, even the possibility of making that area into a park. I wonder if the Minister would look into that.

MR. SPEAKER: Mr. Minister.

HON. RICHARD NERYSOO: Thank you, Mr. Speaker. I will take that question as notice and provide a response at a later date.

MR. SPEAKER: Thank you. Taking the question as notice. Oral questions. I realize that with regard to oral questions a Minister must be reasonably able to answer an oral question and that last question probably should have been a written question. Are there any further oral questions? Mr. Ballantyne.

Question 138-85(1): Status Of Legislation On Condominiums

MR. BALLANTYNE: Thank you. I will ask one that the Government Leader can reasonably answer, perhaps. It is to do again with the condominium ordinance. My understanding is that Mr. Nickerson has withdrawn his Private Member's Bill and I wonder what is the status right now of changing of legislation in Ottawa. That is my first question. My second question, what is the difference between the status in the Yukon and the Northwest Territories, because they have condominiums in the Yukon and I thought they had the same enabling legislation as we have?

MR. SPEAKER: Mr. Nerysoo.

Return To Question 138-85(1): Status Of Legislation On Condominiums

HON. RICHARD NERYSOO: Thank you, Mr. Speaker. Just to indicate that there are no differences with regard to that type of legislation proposed. I do want to indicate that I had the opportunity yesterday to raise that point with the Minister of Indian and Northern Affairs and he will be discussing with me and in fact, is going back to Ottawa to raise that particular point again, to see whether or not he can reintroduce the amendment, with regard to the condominium ordinance, as a government bill. They raised the point previously and the suggestion of it being a government bill apparently brought in some 20 pages of amendments from the department to deal with that particular situation and the Minister himself did not agree that it should be dealt with in that manner. Therefore we will be having discussions with his staff and the Minister himself on how we could propose that amendment.

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

Item 5, written questions. Are there any written questions for today?

Item 6, returns. Mr. McLaughlin.

HON. BRUCE McLAUGHLIN: Thank you, Mr. Speaker. I have a return to written Question 45-85(1). I am sorry, the Members I have returns to today are not in the House so I will save them until the Members are here. Thank you.

MR. SPEAKER: Thank you, Mr. Minister. Are there any returns?

Item 7, petitions.

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

ITEM 9: TABLING OF DOCUMENTS

MR. BALLANTYNE: Thank you, Mr. Speaker. I would like to table Tabled Document 37-85(1), a document which is an excerpt from minutes of March 11, 1985, city council of Yellowknife. It has to do with Yellowknife city council support for the tentative boundary established by the Constitutional Alliance.

MR. SPEAKER: Thank you, Mr. Ballantyne. Tabling of documents. Mr. Gargan.

MR. GARGAN: Thank you, Mr. Speaker. I would like to table Tabled Document 38-85(1), a letter that was written on February 1, 1985, to the Yellowknife Chamber of Commerce with regard to the building of a bridge over the Mackenzie. Thank you, Mr. Speaker.

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

MR. GARGAN: Mr. Speaker, I would like to table another document, Tabled Document 39-85(1). It is a letter dated February 1, 1985, with regard to support of establishment of a youth hostel in Fort Providence.

MR. SPEAKER: Thank you. 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.

Item 14, second reading of bills. Item 15, consideration in committee of the whole of bills and other matters: Bill 7-85(1), Appropriation Act, 1985-86; Bill 3-85(1), Workers' Compensation Act; Bill 9-85(1), Loan Authorization Act, No. 1, 1985-86; Bill 10-85(1), Supplementary Appropriation Act, No. 3, 1984-85, with Mr. Gargan in the chair.

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 dealing with Bill 7-85(1), Appropriation Act, 1985-86.

Department Of Finance

It is my understanding that we are getting into Finance. Mr. Butters, would you like to make an opening remark or bring in any witnesses?

Reintroduction Of Department Of Finance

HON. TOM BUTTERS: Thank you, Mr. Chairman. Members will recall that this particular department was introduced some two weeks ago. I do not believe all the Members were in the House at the time and as it is a very short introductory statement I would like to make it again with the permission of the House and Mr. Chairman. The main function of the Department of Finance is to provide financial services in support of government programs. The services and support provided by Finance in order of priority are: 1) responsibilities defined in legislation, such as the NWT Act, Financial Administration Ordinance, Petroleum Products Tax Ordinance, etc.; 2) services associated with Executive policies and directives, such as the cash management program or insurance risk management program; and 3) services which contribute to the efficient and effective operation of the government, such as continued financial policy and systems development and the provision of financial advice and expertise to all departments and regions.

As a service department, Finance has a number of programs which are of interest to this House and the public, such as: initiatives in the area of northern taxation, including alternative methods of taxing hunters and trappers, and the resolution of the northern benefits issue; the review and redrafting of the Financial Administration Ordinance to more appropriately reflect ministerial government and Executive accountability; and revisions to the financial accounts of the government.

The annual report of territorial accounts tabled at the last session shows significant changes made to present more complete and comprehensive financial information to the public, and an identification of northern career opportunities in finance areas. During 1985, Finance will be looking at various means, various ways to attract northern students and other northerners into the finance and administrative job market.

Mr. Chairman, the Department of Finance budget for 1985-86 continues to reflect an emphasis on internal restraints. The department's 1985-86 total appropriation of \$9,492,000 represents an increase of seven per cent over the 1984-85 spending level, with the major change, some five per cent, caused by basic price increases for goods and services. Four additional person years are included, which would increase the total person years of the department to 108.2 person years for 1985-86. Thank you for that opportunity, Mr. Chairman, and as a witness to assist me I would ask that the comptroller general, Mr. Jim Nelson, be invited to join me at the witness table.

CHAIRMAN (Mr. Gargan): Does the committee agree that the Minister brings in his witness? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Okay, Mr. Minister. On the Department of Finance, are there any general comments? We have all the objectives of the Department of Finance on pages 5.1 and 5.2. Is it agreed then that we go into budget detail? Mr. Ballantyne.

MR. BALLANTYNE: A couple of questions. A question we have been asking each department, and I would like to ask Mr. Butters, is how do you, as a department, establish your internal priorities within the department?

CHAIRMAN (Mr. Gargan): Mr. Minister.

Development Of Priorities Within Department

HON. TOM BUTTERS: The priorities that are developed relate, first of all, to the legislative requirements, and that is, the services that are defined in such legislation. The second priority of the department is determined and developed as a result of an Executive direction through policies and directives. The third priority, or the lowest priority, relates to services that promote the efficient and effective operation of the government, such as the financial information system and other such programs.

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

MR. BALLANTYNE: As a follow-up to that, over the years there have been some problems with the FIS system. Is the Minister happy right now? Is the FIS system working properly and are we getting full utilization out of the system?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: There are continued requirements for improvement in the sense of adding more systems or more elements to the system. The major determinant that I have is the user response and I feel that one of the major problems in the early implementation of the system was that insufficient time had been taken to develop user confidence. I would say user confidence has increased and people are seeing the advantage of the system in allowing them to manage effectively and efficiently. So, yes, we are seeing many positive returns from the system.

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

MR. BALLANTYNE: One question that I have asked before but perhaps you can explain it. In your organization chart, I see that Mr. Nelson is the comptroller general and actually has line authority for the department. But the deputy minister is sort of put off to the side and he is responsible for fiscal policy only. Why is it necessary to have a deputy minister there? I have always had a problem with the deputy minister of Finance also being the secretary to the Financial Management Board. It seems to me that the comptroller general is, in fact, the line authority so is doing the job of a deputy minister. And it seems to me the same person should not have both positions because the two positions are in a lot of ways mutually exclusive and one should be a check on the other. It is a little bit unorthodox. Maybe you can explain the rationale for having Mr. Nielsen in both those positions.

CHAIRMAN (Mr. Gargan): Mr. Minister.

Responsibility Within Department

HON. TOM BUTTERS: It is interesting, Mr. Chairman, to compare the Member's comments with those of his predecessor, the chairman of the finance committee of the previous House. The standing committee on finance in those days was very concerned about the fact that the deputy minister of Finance seemed to have control over the Department of Finance, the Financial Management Secretariat and was affecting the financial policies of this government. There was a suggestion that that authority be delegated. Well, that is what is being done. The final responsibility for the financial direction is Mr. Nielsen's, so it does come up through him as he is the senior policy adviser to the government. That is the reason he has been named as the secretary for the Financial Management Board. The responsibility for the secretariat, as you are well aware, falls to Mr. Stewart. So the management of these various functions has been delegated and devolved but Mr. Nelson remains and retains the responsibility, the line responsibility and answers to the cabinet.

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

MR. BALLANTYNE: I think my question is a logical follow-up to the concerns of the former standing committee on finance. I am not quite sure if I understand -- I thought you said that Mr. Nielsen in fact does not have the line responsibility for the Department of Finance any more, and then at the very end you said he does have it. Does he or doesn't he?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: I said Mr. Nielsen. At the time that I recall the question was first raised some three or four years ago, he had a more direct responsibility than he has now. Since that time the comptroller general's responsibility has been identified and Mr. Nelson has taken the responsibility for the management of this government's accounts. Mr. Nelson's senior financial officer is moving more into the area of fiscal and financial policy. The Member will know that provincial jurisdictions have a number of personnel who are involved in this function. We, at the present time, have no one employed although we have positions they are not staffed. With formula financing, with the increased communications with provincial jurisdictions, the whole policy area has become very much more important.

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

MR. BALLANTYNE: Maybe you can make the distinction between the fiscal policy responsibility within the Department of Finance and the fiscal policy responsibility within the Financial Management Secretariat.

CHAIRMAN (Mr. Gargan): Mr. Minister.

Fiscal Policies

HON. TOM BUTTERS: The need for fiscal policy advice is of the type that I just indicated to you. It relates to policies that have to be developed by this government in a global sense. The fiscal policies that are generated by the Department of Finance are more related to the ongoing operations of the government itself and not in the development of new policy approaches. We expect that the formula financing process will require a much greater degree of information gathering to ensure that both our revenue frameworks and our expenditure frameworks are in balance.

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

MR. BALLANTYNE: You are not, Mr. Minister, exactly answering my question. As I see it the overall fiscal policy of the government is developed by the Financial Management Board and the Financial Management Secretariat and the department itself actually implements those policies. They might have some internal policies in the actual operation of the Department of Finance. But my question is, is it not a little bit unorthodox to have the same person, who is secretary to the FMB, that same person also having the line responsibility or the quasi-line responsibility? If you say he does not have the line responsibility any more then why is he still deputy minister of Finance? It seems that you have sort of taken away his line responsibility but left him in the position somehow and it seems like an unorthodox way of handling it.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: No, I do not think it is unorthodox. I think that as senior financial officer, he should be involved and aware of the directions and processes that this government is taking and I had occasion just recently to ensure that he was involved in the development of various approaches and policies. So I do not think it is unorthodox at all.

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

MR. BALLANTYNE: Well, we will agree to disagree on that one. If we can go on to -- do you want to answer questions about formula financing here or when we do the secretariat? What is the most logical place to...

HON. TOM BUTTERS: I think the secretariat, Mr. Chairman.

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

MR. BALLANTYNE: Okay, just within the department itself then. We are talking about departmental policies. How do you evaluate the efficiency of those departmental policies -- and we will deal with overall general government fiscal policies with the secretariat -- but within the department itself, how do you evaluate actually that the department is running efficiently and effectively?

CHAIRMAN (Mr. Gargan): Mr. Minister.

Responsibility For Performance

HON. TOM BUTTERS: The responsibility for the performance of the department and the effectiveness of the operation of the department is obviously the direct responsibility of the comptroller general and he examines the various systems and functions with his senior managers. Obviously, where there is a shortcoming or a problem, they are brought to our attention very quickly, so that I would say there is an ongoing examination of systems. These systems have been in place a long time. They are tried and true and the changes required are not that frequent.

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

MR. BALLANTYNE: So, at this point in time, you are basically satisfied with the effectiveness and efficiency of the policies within the department.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: I believe the objectives provided to the standing committee indicated that there is a constant review of policies and processes and amendments are made when they are found to be antiquated or outdated.

CHAIRMAN (Mr. Gargan): Mr. Ballantyne.

MR. BALLANTYNE: For a specific example, on April 1st there is going to be a reorganization in the treasury and comptrollership activities which will result in centralization of specialized tasks in treasury and operation accounting functions in comptrollership. Could you maybe explain that and how do you see that making the operation more efficient?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: We will see the restructuring of treasury into centralized, specialized tasks and the comptrollership into overall general accounting related tasks. The reason for this was to place all the general accounting related functions under one division, that is comptrollership, and to keep all headquarters specialized functions together in one division, which is treasury. So, this is being done to provide greater flexibility to the regional offices by reducing the budget split from three activities to two. As the Member knows, the financial impact of the reorganization is nil and that \$857,000 and 23 person years were reallocated from treasury to comptrollership.

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

MR. BALLANTYNE: Thank you, Mr. Chairman. Another question maybe you could briefly explain, if you have finance officers in the regions, what is their reporting relationship? Is it to the regional director or to you? Is there any problem with that reporting relationship?

CHAIRMAN (Mr. Gargan): Mr. Minister.

Reporting Relationship For Regional Finance Officers

HON. TOM BUTTERS: The reporting relationship for regional finance officers is very similar to that which is in place for the other regional superintendents. They have responsibility to report to the regional superintendent on an operational basis and to the Department of Finance in Yellowknife headquarters on a policy basis. So there is a dual reporting relationship but the major responsibility would be to support the regional function.

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

MR. BALLANTYNE: On other departments that we talked to, reporting relationships do cause them problems and confusion. My first question is, is there a problem with the Department of Finance? My second question is that in the overall governmental reorganization that Mr. Nerysoo has referred to, are you involved in that and do you see the possibility of some changes in those reporting relationships to strengthen ministerial government, for example?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: I believe there may be problems in the duality of the reporting relationship experienced from the regions but I think it is operating as effectively today as it ever has and maybe ever will, so I think that the problems in the main are theoretical and it seems to be a pretty good working relationship at the present time. Yes, all the Ministers are involved in the organizational re-examination, and our expectations are that there could be a few changes coming out of that.

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

MR. BALLANTYNE: I have a couple of other general questions. One is, the Auditor General has -- we will talk about it very briefly. I know the Minister does not like to talk about the Auditor General's report in this forum but none the less I will ask this question. There has been some concern over adequate control of grants and there has been a recommendation that this government looks more at contributions which have more controls on them than grants do. What is the department actually doing in this area?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: I am not averse to talking about the Auditor General's report. My only concern the other day was that it had not been moved into committee of the whole and I do not know that it was then an item under discussion. I said at that time, I expect that there will be a full discussion when the public accounts committee sits later on in the year.

Contributions To Agencies

Yes, the Auditor General has made it quite clear to the Government of the Northwest Territories that, wherever possible, the funds provided to agencies outside of government to carry on certain functions should be provided as a contribution so that there would be an accountability for the public moneys. There are minor areas in which grants probably could be defended but we are attempting to move to adopt the Auditor General's request for increasing the amount of contributions and reducing the number of grants for accountability purposes.

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

MR. BALLANTYNE: Another point that was brought up in the standing committee of finance meeting was that now there are a number of cost-shared programs between our government and the federal government and there is not a thorough understanding, I think, by the public and people in this House as to those programs. The Minister said, in the standing committee on finance, he would take some steps to make people in the Assembly and the public more aware of the terms and conditions of cost-shared programs. Do you have any ideas while I am on that line?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Do I understand the Member to be asking when such a review or seminar might be provided to Members?

CHAIRMAN (Mr. Gargan): Mr. Ballantyne.

MR. BALLANTYNE: That is part of the question. But I think that our government is so dependent on a myriad of cost-shared programs that I think it would be helpful for the Members to understand those but, also, for the public to understand those and realize, you know, how important -- and also under formula financing, cost-shared programs give us some flexibility perhaps outside of formula financing. I wonder if there is any way to disseminate that information to the public.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: I will take the question as notice and we will look at that. I would point out that Members have the opportunity to explore these various cost-shared programs when the various departmental officers and the Ministers appear before you, so it might be just as well to request that those programs be identified when their particular budget is being considered.

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

Senior Economist

MR. BALLANTYNE: I understand that this government has been trying to hire a senior economist and it has had some problems. I wonder if you have been able to hire one and if you do, exactly what will be the role of this person and where will this person fit into the organization?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Yes, the Member is correct. We have had some difficulty in filling the position. The situation to date is that we think we have identified individuals who could fulfil that responsibility. However, they are not yet on stream and we will hope that early in the new year that will be done. This particular area fits more in the responsibility that Mr. Neilsen has and I am assuming that is what the Member is referring to, the new fiscal policy division. If I could just possibly read him the overall terms of reference of the individual that we are looking for and what would be his responsibilities.

As I mentioned earlier, such a body or group is found in all the provincial jurisdictions with the exception of ours. If we are to move toward a greater degree of fiscal responsibility this type of strength is needed to assist the Executive in making decisions so that you are looking at developing fiscal and economic policies. We are looking at developing multiyear financial planning frameworks, which includes both our revenue frameworks as well as balancing with our expenditure frameworks, and options that could be considered with regard to revenue and making recommendations for the continued maintenance of a sound fiscal territorial position. First it would provide an analysis and advice on matters relating to taxation and intergovernmental fiscal arrangements, then develop proposals on federal/territorial fiscal arrangements in consideration of federal, provincial and territorial economic and fiscal circumstances. So it is a new area but it is an area which we have lacked considerably in the past and are hopeful that it can be staffed very, very soon.

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

Changes To Financial Administration Ordinance

MR. RICHARD: Thank you, Mr. Chairman. Mr. Chairman, in the Minister's opening remarks there was an indication that it was in the mandate of the department to recommend changes to the Financial Administration Ordinance. As I recall, in December when the Minister appeared before the standing committee on finance, the Minister indicated at that time that the ordinance would be amended during the winter session to reflect a greater extent of accountability to elected people. I am wondering if the Minister could indicate what the plans are in that regard.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Yes, Mr. Chairman, the Member is correct. We had hoped that we would get the draft legislation in place for this session but it was just impossible with the workload to have it ready to meet the timetables that the Assembly requires. So we are now looking at bringing it forward in the Rankin Inlet session and hopefully at that time the amendments can be made.

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

MR. RICHARD: Could the Minister indicate at this time what some of these changes would entail?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: I would go back and just point out that when the original ordinance was put together, the financial responsibility had not been devolved to elected people to the extent that it now is. So the amendments would attempt to bring that ordinance up to date. Amendments would

include that the Minister of Finance would be recommended to be established in the ordinance as chairman of the Financial Management Board, that the responsibilities of the Minister of Finance would be established in the ordinance and it would be also proposed that Ministers would be given responsibility for the financial affairs of their department. The duties and the responsibilities of the comptroller general would be also established in the ordinance because I believe the former ordinance was put into place before his position was established. The Ministry of Finance would be established to provide the framework or the financial management responsibility and it would be proposed that responsibilities of the deputy minister of Finance would be outlined. Also there would be a provision for formal delegation of certain duties and responsibilities to departments and regions.

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

MR. RICHARD: Thank you, Mr. Chairman. I do have some further general questions with respect to the present manner in which the Financial Management Board operates. I take it, Mr. Minister, you would prefer we would discuss that under the secretariat budget.

HUN. TOM BUTTERS: Yes, Mr. Chairman.

MR. RICHARD: Mr. Chairman, then I wonder if I could similarly ask this Minister, in that the objectives set out in the appropriation document include the objective of continuing to restructure the government's public accounts to provide more meaningful information to the Legislative Assembly and the public, can the Minister indicate what is about to take place, there, different than in the past?

CHAIRMAN (Mr. Gargan): Mr. Minister.

Changes To Annual Report Of Territorial Accounts

HUN. TOM BUTTERS: Obviously, Mr. Chairman, we are referring to the territorial accounts book and there have been significant changes in the document. It has been written so that it can be understood by a layman and not only a financial expert or an accountant and the changes made are reflected in the last territorial accounts tabled in the prior session. It reflects the accrual basis of accounting for the remainder of the revenues that were still on a cash basis and it began providing allowances for all doubtful accounts. It started accruing interest on all long-term debts and the statement of revenues and expenditures was presented in a summary form to conform to the main estimate format. It was supported by Schedule 1 of revenues and Schedule 2 of expenditures. Also there were supplementary financial statements included in an audited form for the Northwest Territories Liquor Control System, Workers' Compensation Board, public trustee for the NWT, petroleum products revolving fund financial statements and had time permitted we would have included the Housing Corporation. So that what is meant by that particular reference is the attempt to make the territorial accounts more readable.

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

MR. RICHARD: Thank you, Mr. Chairman. Also within the objectives set out in the appropriation document is the objective to complete a review of taxes and other revenues aimed at maximizing income from current sources. Can the Minister indicate what specific areas, if there are any new areas, the department is looking at to maximize its revenue sources?

CHAIRMAN (Mr. Gargan): Mr. Minister.

Taxation Options

HUN. TOM BUTTERS: Mr. Chairman, in my opening remarks I mentioned that we would be looking at taxation regimes but that a major criterion would be the thought that any such taxation proposals developed would not put the northern resident in any more difficult a situation than he now is, with regard to making a living and getting by.

We are looking at various taxation options. They are still very much in the formative stage and so being, they are not really ready for discussion at this time. The one particular taxation proposal which I would hope to be bringing before my Executive colleagues in the very near future and before the standing committee on finance, prior to making public and tabling in this House, is the taxation regime which would be applied to the Norman Wells/Zama pipeline. So that regime is approaching a reality. The others are still very much under discussion.

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

Consultation with Federal Officials On Taxation Of Northern Benefits

MR. RICHARD: Thank you, Mr. Chairman. The Minister indicated further in his opening remarks that there is an ongoing look at the issue of taxation of northern benefits. While the current federal government I believe has indicated that the remission order now extends to the end of 1985, I wonder if the Minister could indicate what currently is our government's role or participation in the eventual federal decision, presumably, on this important issue? Is there a working group that the Minister belongs to in consultation with the federal officials, or are we just going to hear one day on the news that the federal government has made a decision on this important issue?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, there have been a number of communications made with the federal Minister of Finance indicating the desire of this government to be involved and a demonstration of our willingness to participate in a co-operative and productive way with the federal officials. To date, we have not received from the federal Minister any schedule when such discussions might go forward. I have asked him by letter if he would provide us with an indication of when this might occur, in view of the fact that there was some suggestion that the matter might be addressed in the budget due in a month or two. There is expectation that one of the senior policy individuals from the Department of Finance will be travelling to the Territories this month or next month. We have not received a firm date on that and my understanding is he would be coming here and that officials of the Yukon government, who would be interested, would meet with him in the Northwest Territories. I have similarly been in contact with Mr. Pearson who is still the Government Leader of the Yukon and discussed with him my desire that any such approach would be a collective one and I received agreement on that suggestion. So, we are still waiting and I do not believe that the federal government, in view of its indications that a major element of its new approach to dealing with the provinces and the territories is consultation, that Mr. Wilson would proceed without ensuring that that consultation did occur.

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

MR. RICHARD: Thank you, Mr. Chairman. I appreciate then that the Minister is indicating that there are no specific dates for these meetings or discussions but has there at least been a commitment by the federal Minister to consult with yourself or our government before making a decision? Is there such a commitment? I understand the Minister to say he does not think they would go ahead without consultation, but is there, in fact, a commitment by the federal Minister or the cabinet to consult with us?

HON. TOM BUTTERS: Mr. Chairman, I do not have a letter from the federal Minister indicating that that action would occur but I am proceeding on the response of the department and the Minister to our request, in that a consultation arrangement has been set up, and it is just that a schedule has not been developed yet. So, I take that action by the federal Department of Finance as agreement that consultation is in the works.

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

MR. RICHARD: Thank you, Mr. Chairman. I have one other question at this time, by way of general comment. It is perhaps a technical one, but in the priorities document that was tabled there was discussion about the \$10 million priority funding for the coming fiscal year and there is a statement in the document that in fiscal year 1985-86, \$10 million has been diverted from existing programs to provide resources for government priorities. I had understood when the announcement was originally made, not in writing, that this was additional funding and that existing programs were not being robbed to put money into these priority areas. Could the Minister confirm that that is perhaps an error to say that it has been diverted from existing programs, that these are, in fact, additional funds, are they not?

Low Priority Programs Identified

HON. TOM BUTTERS: I would like to discuss that under the secretariat because it is the responsibility of the secretariat to deal with such allocations in the development of the budget. But I would point out to the Member before we move to the secretariat that we do seek to identify,

annually, the lowest five per cent of priority programs. So, we do have an exercise by which low priority programs are identified by the departments and we have requested that over the last two or three years. So, I cannot tell you definitely if some programs have been reduced or not, but certainly there is an attempt to identify low priority programs and remove and reduce those programs which are not being effective or are uneconomic.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. General comments. Is it agreed by committee that we will get into budget details?

SOME HON. MEMBERS: Agreed.

---Agreed

Administration, Total O And M

CHAIRMAN (Mr. Gargan): Administration, page 5.5. Total O and M, \$1,933,000. Mr. Ballantyne.

MR. BALLANTYNE: Again, this is a follow-up to a question I asked earlier under general comments. The objective of administration is to implement organization changes to the department both at headquarters and the regions. Have you thought that through yet? Do you have any specific proposals that have been made about what you are going to do, with these organizational changes?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, our expectation will be that they will be implemented as of April 1st and then it will be just monitoring them to see how they work under the new arrangement.

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

MR. BALLANTYNE: Can you share with us a hint of what you are intending to do?

HON. TOM BUTTERS: Mr. Chairman, the changes are the ones which I indicated earlier on. Those are the changes I am referring to that will be implemented on April 1st, with regard to streamlining the existing operations, both in the regions and in headquarters. Was the Member referring to something else?

CHAIRMAN (Mr. Gargan): Mr. Ballantyne.

MR. BALLANTYNE: This objective then is just referring to those specific changes that we talked about earlier? There is nothing else there, okay.

CHAIRMAN (Mr. Gargan): Mr. McCallum.

MR. MCCALLUM: Thank you, Mr. Chairman. I just have one question of the Minister. On page 5.4 not 5.5, administration of the Department of Finance. The last sentence is in the preamble: The department is responsible for collecting and reporting all revenue for the government. With the obvious intent of the departments to derive some revenue and specifically in terms of the Housing Corporation, possibly with the Department of Education as well, with payback of grants and whatnot, are these moneys then to go into the -- when I refer to the Housing Corporation, I am talking about the two programs that the Minister is going to bring up. That is the interim financing, etc., that he intends to bring about in the coming year. Will moneys that will be derived from those have to go into the consolidated revenue fund or will they be able to set up their own financing, their own funds?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, the program referred to by the Member relates to the Housing Corporation's own programs so I understand they will be dealing with their own funds and they will not be going into the consolidated revenue fund of this government.

Administration Total O And M, Agreed

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Administration, total O and M, \$1,933,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Treasury, Total O And M

CHAIRMAN (Mr. Gargan): Treasury, total O and M, \$1,777,000. Mr. Ballantyne.

MR. BALLANTYNE: I think Mr. Richard touched on this, a review of taxes and other revenues. Is there a timetable set up for this review when you look at other possible sources of revenue, other tax sources, and at what point will the Minister be reporting to the House as to some of these other sources of revenue?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: The study is currently going on. We do not have the final report in. I expect it would be say the third month of the new fiscal year, somewhere in that area.

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

MR. BALLANTYNE: One thing I would just like to make one positive comment on, about the department. The standing committee on finance has asked for objectives of the department to be outlined and this department has done a very good job of that. It makes it a lot easier for us to get an idea of what your objectives are and to evaluate success over the course of the year on those objectives, so we thank you for that co-operation. One of the objectives is to evaluate departmental and regional processes for the collection and recording of revenues to ensure all moneys due the government are collected. Has this been a problem, and if it has, how serious has this problem been in the past?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: It has been a problem in the past and it relates to the fact that there are more and more areas in which revenues are being collected. The Ministers of all the departments where revenue collections are occurring are aware that sometimes the proper procedures are not followed and our internal audit identifies these and suggests corrections. This is an ongoing requirement because of the widespread responsibilities for such collections and I would imagine the problem will always be with us.

CHAIRMAN (Mr. Gargan): Mr. Ballantyne.

MR. BALLANTYNE: In the area of risk management, I wonder if the Minister could tell us, what is the value right now of the capital assets of this government?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: It is not all in Yellowknife, Mr. Chairman. The estimate would be something in the order of \$750 million plus, which does not include the assets of the Housing Corporation.

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

MR. BALLANTYNE: With three quarters of a billion dollars, how many people actually are working in this activity to monitor those assets?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: The risk management program, the insurance program, is currently handled by one staff member.

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

MR. BALLANTYNE: Is there any thought -- I think this is a very important aspect, obviously, of the department's responsibilities and you have a lot of assets that should be protected, is one person adequate to do it? We have had schools burn down in the past. All sorts of things have happened and can happen.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: The program is in the process of development and so far we feel -- we do not feel, we believe that not only the capital assets but the human assets of this government are protected from unforeseen acts or occurrences and if we require additional support and resources in that area then they would be requested from the Financial Management Board.

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

MR. BALLANTYNE: I wonder if the Minister could give us an indication of how many unforeseen acts or occurrences happened in the past fiscal year and what was the actual cost to this government?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: I would have to return to the committee with that particular request for the fiscal year 1984-85. I do not have it in my notes.

CHAIRMAN (Mr. Gargan): Mr. Ballantyne.

MR. BALLANTYNE: Okay, that would be fine if you could get back to me on that one. The other one, what is the insurance deductible now on major facilities?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: The insurance limit for any occurrence is \$30 million. There is an annual aggregate deductible of \$100,000 and once that has been reached then we revert to \$25,000 deductible for each and every loss.

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

MR. BALLANTYNE: The yearly insurance cost to this government?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: The estimate for 1985-86, which is before you, for property is \$508,000, and our total premiums -- and that covers the other policies we have -- would amount to some \$788,000. Other policies include boiler machinery, automobile liability, non-owned aircraft liability, employee dishonesty bonds, student accident, tank farm policy, general liability, things like that.

Treasury, U And M, Agreed

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Budget detail, treasury, total 0 and M, \$1,777,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Comptrollership, Total U And M

CHAIRMAN (Mr. Gargan): Comptrollership, total 0 and M, \$3,805,000. Mr. Ballantyne.

MR. BALLANTYNE: There was a \$279,000 decrease in revenues and now in this book it is \$389,000, in the main estimates. Could you explain, first, the discrepancy; and second, why is this decrease in revenue anticipated?

CHAIRMAN (Mr. Gargan): Mr. Ballantyne, could you repeat your question again?

MR. BALLANTYNE: In the SCOF book there was \$279,000 decrease in revenue shown under this activity. In the main estimate book there was \$389,000 decrease in revenue anticipated. Why is there a discrepancy and why do you anticipate this decrease in revenue?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: We will have to look into that specific item and provide an answer, Mr. Chairman.

CHAIRMAN (Mr. Gargan): Is that agreeable, Mr. Ballantyne?

MR. BALLANTYNE: Yes, that is fine. Thanks.

CHAIRMAN (Mr. Gargan): Thank you. Comptrollership. Total O and M, \$3,805,000. Agreed? Mr. Richard.

Monitoring Grants And Contributions

MR. RICHARD: The policies on monitoring grants and contributions. Does that come within this activity or is that better discussed under FMB?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, the responsibility for monitoring the grants and contributions, particularly the contributions, would fall under the audit section of our government and the Department of Finance would work with our internal auditors to do this. But at the present time that particular function is under the Executive.

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

MR. RICHARD: Thank you, Mr. Chairman. Perhaps I can ask the question and if the Minister cannot answer it, so be it. I understand, Mr. Chairman, that under the financial administration manual each department is to develop a policy for its own grants and contributions within the department, and that those policies must be approved by either the Executive Council or the Executive Council sitting as FMB, before funds are disbursed. My question is has that in fact been done by each and every department with respect to the various grants and contributions programs throughout the departments?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: The short answer is yes, that they are required to receive approval by the Executive when it sits as the Financial Management Board. It may be that we are still lacking a few policies that have been identified by the Auditor General. I cannot speak for those but the responsibility for approving such grants and contributions does fall to the Financial Management Board.

Comptrollership, Total O And M, Agreed

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Comptrollership. Total O and M, \$3,805,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Fiscal Policy, Total O And M

CHAIRMAN (Mr. Gargan): Fiscal policy. Total O and M, \$132,000. Mr. Minister.

HON. TOM BUTTERS: Yes, Mr. Chairman, I would just like to mention that earlier on in the session, Mr. T'Seleie asked me a question with regard to taxation of trappers and I said that I would seek an occasion during the time the budget of this department was before the House. This particular section might be a good time to address that area and I could indicate what it is that is being done and what is thought to be done in this particular area.

Taxation Of Hunters And Trappers

The answer to Mr. T'Seleie's question which I did not read but which I provided him was -- I'd better repeat the question. The question was: "Are hunters and trappers of the NWT presently being taxed by either the territorial and/or federal government? And if so, what are the details of this tax?"

The answer at that time, which I provided Mr. T'Seleie and which I would probably like to enlarge on for a few moments, was this. Hunters and trappers in the NWT who earn taxable income are expected to pay federal and territorial income taxes in the same manner as other NWT taxpayers. Revenue Canada requires that every self-employed person who earns income must complete and file a tax return. They have not identified any special dispensation for northern hunters and trappers. Income tax forms outline the calculation of the tax which is based on federal and territorial income tax legislation.

I think the Member will also know that the department has had under contract a firm which has distributed questionnaires throughout the NWT to be completed by trappers, with the assistance of renewable resources officers, relative to income statistics. The initial results have not been that good but they indicate that the number of trappers in the Territories that may be required to pay tax with the current arrangements, would be very, very minimal. That is going on the basis of the figures that are available to us. The one problem is that they all obviously have to submit a return. But the results we have now would appear to indicate that if they apply the deductions as a business and the expenditures associated with their operation to their return it is doubtful if more than a very, very few people engaged in trapping have to pay income tax at this time.

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

MR. BALLANTYNE: Mr. Chairman, this is a follow-up to my previous question. The one additional PY for \$75,000, is that for the economist?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Yes, plus the associated O and M.

CHAIRMAN (Mr. Gargan): Mr. Minister, do you have anything to add to that?

HON. TOM BUTTERS: Yes, it provides for a manager and an analyst. I think I mentioned that we are looking at two positions; one position which has been in place for about a year and a half and the other which was recently approved by the Financial Management Board.

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

MR. BALLANTYNE: I see here one of the objectives is to develop relations with federal and provincial governments on fiscal issues and maintain a data base on federal/territorial programs. My first question is what sort of relationships are we looking at with provincial governments? My second question is, once this data base is established, if that is made public, would that essentially answer the question I asked earlier, to make people aware of what federal/territorial programs are operative?

CHAIRMAN (Mr. Gargan): Mr. Minister.

Data Base Expertise Sought From Province Of Ontario

HON. TOM BUTTERS: In part possibly, Mr. Chairman, but I think the data base we are looking at is the total global economic cash flow of the Territories where cash is moving and where revenues that this government might avail itself of exist. I think -- and we lack data in that particular area -- statistical data. Such data is available to us in the provinces. We are very new at this arrangement and we have looked around for assistance to give us a start in developing this expertise and fulfilling this responsibility. We were very fortunate that Ontario, through Larry Grossman, has been very willing to look at providing the expertise of that government to us and we are looking now to Ontario to assist us in identifying our requirements and assisting to set up this particular area of expertise, but we are looking at it as a global economic cash flow. Obviously when such an agency is in place, because of its integrated relationship with other provinces and what they are doing, I would imagine there would be quite a bit of communication between similar individuals in the 10 provinces south of us.

CHAIRMAN (Mr. Gargan): Thank you, Mr. Minister. Mr. Wah-Shee.

Corporate Tax

MR. WAH-SHEE: Thank you, Mr. Chairman. I wonder if the Minister could indicate to the committee whether the corporations presently operating in the Northwest Territories pay any territorial or federal corporate tax?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Yes, Mr. Chairman. I am looking for the page which will give you those figures. If you look at chart seven in the budget address, it indicates the corporate tax paid not only in the Northwest Territories, which is 10 per cent, but in all of the other jurisdictions of Canada.

CHAIRMAN (Mr. Gargan): Thank you. Mr. Wah-Shee.

MR. WAH-SHEE: Would the Minister also indicate whether this is typical of the arrangement that exists in other jurisdictions? In other words, is there any difference in the manner in which we are dealing with corporate tax in the Northwest Territories in comparison to other jurisdictions?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. TOM BUTTERS: Generally, it is the same as the other provinces, but in the other provinces, with the one exception of Prince Edward Island, there is a differentiation between small companies and larger corporations and the tax rate is different for each of those two categories. For instance, in the Yukon, the tax rate is 10 per cent for large corporations and five per cent for smaller businesses. We just have 10 per cent across the board. There has been some suggestion that we would get information and look at possibly reducing the tax in the area of small business and that is under consideration.

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

---SHORT RECESS

Fiscal Policy, Total O And M, Agreed

CHAIRMAN (Mr. Erkloo): The committee will come back to order, please. Could we have order, please? We are dealing with fiscal policy, total U and M, \$132,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Debt Financing, Total O And M

CHAIRMAN (Mr. Erkloo): Debt financing, total O and M, \$1,845,000. Agreed? Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, I should indicate that since the budget has been printed, and I informed the standing committee on finance some three weeks ago, the debt of this government to Canada has been paid and therefore the projected interest costs which those figures represent will not be required in the next fiscal year. Now, there are two ways in which we might deal with this. One is that the House could pass the budget and we could put a correction in the first supplementary estimates submission or, and maybe this would be cleaner, we would just make amendments to the ordinance which would amend the amount voted and the line schedule referring to this item plus the totals, but I do want to point out that the requirement has now been negated as a result of repayment action taken by this government.

CHAIRMAN (Mr. Erkloo): Does the committee wish to vote this amount or take it out? Mr. Minister.

HON. TOM BUTTERS: There was a suggestion I heard from a Member that we could approve it and then correct it with the first supplementary estimates. I have indicated to you what has occurred and it can be corrected on the first supps.

CHAIRMAN (Mr. Erkloo): What is the wish of the committee? Debt financing, \$1,845,000. Agreed? Mr. Ballantyne.

Loans To Municipalities

MR. BALLANTYNE: Thank you, Mr. Chairman. I wonder if the Minister could briefly explain the changes that have taken place over the last couple of years as to the methodology of this government borrowing money from the federal government and lending it to municipalities? I understand that is not happening right now, that they are left more to their own resources. Could you just explain what the methodology is now for lending money to municipalities?

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

HON. TOM BUTTERS: Yes, Mr. Chairman, in the past as a government we were able to borrow from the federal government at a favourable rate and we would pass that rate on to the municipalities. In fact, I believe a significant amount of the interest that we paid back was related to that particular arrangement. Over the past two years, the requirements of municipalities have been paid for out of the reserve of this government. We have done it on a temporary basis while we have looked around to obtain services of a firm who could place loans for us on the private market. That firm has been obtained and we will be using them in the future but to date we have not had a requirement to seek money in the private market so that municipalities requiring funds can obtain those funds from us and we get an indication from them over the year of the amount of money they would be requiring and this projection is put in the budget. Municipalities obviously do not have to borrow from us; they can borrow where they get the best rate on the money but they do have to have the Commissioner's authority to make such an arrangement and that authority is dependent upon their tax base and their ability to repay their loan. So, that is generally the way it is operating now. We are still providing funds for such funding requirements.

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

MR. BALLANTYNE: What is the interest rate right now that is being charged to municipalities?

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

HON. TOM BUTTERS: I will clarify that but I think it is about prime plus one. The current rate is 12.75 per cent but it varies according with the particular market conditions of the day.

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

MR. BALLANTYNE: Is the basic rule of thumb then, prime plus one? Is there an actual written policy that says that?

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

HON. TOM BUTTERS: Okay, I said prime -- the estimate for borrowing is determined by the Government of Canada rate plus one half of one per cent and that is the figure that we use. There is not a policy, it is just the practice which seems to be fair.

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

MR. BALLANTYNE: I see there is a five million dollar limit. Is that limit adequate to meet the needs or the expected needs of the municipalities?

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

HON. TOM BUTTERS: The figure mentioned by the Member is the best estimate that we can come up with from projections provided us by municipalities. As I say, we request such projections annually and five million would appear to be adequate to their needs but we just proceed on their own projections.

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

MR. BALLANTYNE: Right now, I understand this government has a pretty healthy cash flow and there is no problem finding that money but will there be potentially in the future a point in time when the government will say to municipalities, "Find your money from your own sources"?

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

HON. TOM BUTTERS: We would continue to provide funds to the municipalities whether we funded them out of our cash reserve or whether we went on the open market on their behalf through our agent.

Debt Financing, Total O And M, Agreed

CHAIRMAN (Mr. Erkloo): Thank you. Debt financing, \$1,845,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Erkloo): Information item, page 5.10. Any questions? Mr. Ballantyne.

Commercial And Domestic Power Subsidy Programs

MR. BALLANTYNE: On page 5.10, the commercial and domestic power subsidy programs. Maybe a brief explanation as to the program and an explanation of why the \$500,000 increase.

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

HON. TOM BUTTERS: Heavier demand and higher cost are the elements that come into play there, Mr. Chairman.

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

MR. BALLANTYNE: Could you just give a brief explanation then as to who is eligible for this program?

CHAIRMAN (Mr. Erkloo): Mr. Minister.

HON. TOM BUTTERS: This government administers three power support programs on behalf of the federal department, DIAND. A program agreement is signed each year and expires at the end of each year. The commercial power support program is a program by which power rates to commercial users whose gross revenues are less than two million dollars per year, are subsidized to the Yellowknife rate up to 1000 kilowatt-hours per month. Individual commercial enterprises must apply to the GNWT with the actual paid power bills as support. The department estimates that some quarter of a million dollars will be paid out of subsidies in 1984-85.

The domestic power support is a support program to domestic power users living outside Yellowknife and they are subsidized up to the Yellowknife rate for some 750 kilowatt-hours per month. Subsidy is automatically applied to domestic power billings by NCPC and Alberta Power so that the power user pays only the net amount. The GNWT, in turn, pays NCPC and Alberta Power the total amount of the subsidy applied. I should point out to you that funds have not moved on either of these programs so far this year because we, as a government, did not receive the final agreement from Ottawa until some two weeks ago when it was initialled and returned. So payments made for this current year in those areas can now flow. There is some question as to whether they will be available for use in 1985-86. We are hoping that this will be the case and I have no reason to believe that they will not be available but we have not had that confirmation from the federal government.

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

MR. BALLANTYNE: Is the department looking into any of the implications of some of the recommendations of NCPC and the NEB hearings that are going on right now? Are there potential implications for this amount of money depending on what recommendations are accepted?

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

HON. TOM BUTTERS: The Minister having responsibility in that area is the Hon. Tagak Curley and it would come in under the Energy, Mines and Resources Secretariat's budget. As I mentioned, the department here is administering a federal program or an activity performed on behalf of a third party.

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

MR. BALLANTYNE: Yes, when we have the secretariat in front of us, some of these questions we will ask Mr. Curley, but your department is actually administering this one. Are you looking at any implications of what happens if for some reason this is cut out, and looking at other alternatives or is that not your department's responsibility?

CHAIRMAN (Mr. Erkloo): Mr. Minister.

HON. TOM BUTTERS: We are certainly concerned to determine whether or not it will be ongoing, I am pursuing that now, to obtain from the Minister his thoughts with regard to the continuation of this program. We have not heard that it would be discontinued. There was, I think, concern last year about the same time so my expectation is that it will still be in place so I have not begun to look for alternatives as yet.

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

MR. RICHARD: Thank you, Mr. Chairman. Did the Minister indicate that there were three programs, or are there just two?

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

HON. TOM BUTTERS: The third program is a subsidy program which comes in under Government Services. It is for home heating oil.

CHAIRMAN (Mr. Erkloo): Thank you, Mr. Minister. Any more questions? Mr. Ballantyne.

Income From Current Tax Sources

MR. BALLANTYNE: In the finance committee meetings, when the Minister was looking at his department, one of the goals of his department is to maximize yield from current tax sources. How would you accomplish that?

CHAIRMAN (Mr. Erkloo): Mr. Minister.

HON. TOM BUTTERS: Just to ensure that as a government we receive all the taxes that are due us and carry out audits where we feel that such may not be the case as has occurred in the past. We have examined the books of companies to ensure that the taxes that are due us are, in effect, being paid us.

CHAIRMAN (Mr. Erkloo): Mr. Ballantyne.

MR. BALLANTYNE: So there has been some problem in the past?

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

HON. TOM BUTTERS: Well, I expect that everyone attempts to pay the least taxes possible. Any problems I am referring to -- if the department receives information of a situation which somebody feels should be examined, if there seem to be grounds for such an examination then an audit can be made. We have that authority and responsibility.

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

MR. BALLANTYNE: It was only to the former federal government that people did not want to pay taxes but I understand that they are lining up at the door to pay their taxes now. Maybe a brief explanation on page 5.11, sundry recoveries, total government. That changes dramatically. Maybe a brief explanation of what those sundry recoveries are.

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

HON. TOM BUTTERS: The amount, I believe, is some \$320,000 and it is very difficult to estimate the amount of these revenues simply because they are of an irregular, one-time nature so it is very hard to project what we might be receiving in the new fiscal year.

CHAIRMAN (Mr. Erkloo): Thank you. Any more questions on page 5.11? Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. I wonder if I could go back briefly, Mr. Chairman, to these power subsidy programs. Perhaps I missed it when the Minister spoke on them but these agreements with the federal government I understand were signed earlier this month but they are to expire in about 18 days from now, at the end of the month. Do we have any indication at all from the federal government of what is going to happen on April 1st to these subsidies?

CHAIRMAN (Mr. Erkloo): Thank you, Mr. Richard. Mr. Minister.

HON. TOM BUTTERS: I have received no response to communications, both written and oral, I have had with Mr. Crombie's office with regard to these and I am expecting that I should receive such communication in the near future.

CHAIRMAN (Mr. Erkloo): Thank you, Mr. Minister. Any more questions on page 5.11? Mr. Ballantyne.

MR. BALLANTYNE: Maybe a brief explanation on the fuel tax and tobacco tax and it may also be appropriate with the liquor tax. Under formula financing we will not gain any revenues from volume increases, so we only can gain some sort of extra revenues by price increases, not volume increases. Is that correct?

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

HON. TOM BUTTERS: Yes, Mr. Chairman.

MR. BALLANTYNE: I heard you but I thought you looked like you were doing something very important.

HON. TOM BUTTERS: No, I was just reviewing the taxation arrangements on the various areas that we are currently involved in; fuel tax, tobacco tax, income tax, etc.

Total U And M, Agreed

CHAIRMAN (Mr. Erkloo): Thank you. Any more questions on pages 5.11 or 5.12? Department of Finance. Total U and M, \$9,492,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Erkloo): That concludes Department of Finance. We will now go on to Financial Management Secretariat, page 4.3. Mr. Minister.

Financial Management Secretariat

HON. TOM BUTTERS: Mr. Chairman, I would like to excuse the comptroller general, Mr. Jim Nelson and thank him for appearing to assist me and ask that he might be replaced by Mr. Eric Nielsen.

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

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Erkloo): Okay, go ahead. Mr. Butters, for the record could you introduce your witness? If you want to make remarks, go ahead.

HON. TOM BUTTERS: Yes, Mr. Chairman, the witness is Eric Nielsen, the deputy minister of Finance. I would like to introduce this section with a brief statement.

Minister's Opening Remarks

Mr. Chairman, the budget address described this government's fiscal and budgetary strategy and identified several areas where developmental work is required. The Financial Management Secretariat provides staff support to the Financial Management Board and will co-ordinate developmental work in the following areas on behalf of the board.

The analysis of government programs, revenues and expenditures and the development of priorities leading to a multiyear financial plan requires a well-developed information base. Provinces consider this data to be essential and develop public documents summarizing the economic base, industrial development, program demographics and finances.

The Financial Management Secretariat will co-ordinate the development of a financial and economic overview of the Territories. Now that federal funding does not differentiate between capital and operations and maintenance grants, our government must develop very clear guidelines for overall objectives, composition and multiyear levels of financing for capital. The Financial Management Secretariat will be developing and co-ordinating guidelines for the capital and operating maintenance plans.

The restraint actions of our departments and regions can provide funds for reallocation to priority programs such as education and housing. The Financial Management Board has given direction to departments to conduct a fundamental review of territorial programs with a view to simplifying consolidating any duplication and improving service to the public. Our budgetary process will continue to see put into place such processes as will achieve our government goals. The budget for 1985-86 reflects an initial redirection of effort in light of formula financing. The co-ordination of these initiatives will become major objectives for the Financial Management Secretariat in the next year.

With regard to resource revenue sharing, Mr. Crombie, at the opening of this session, announced a willingness to consider resource revenue sharing. Resources revenues represent a source of funding to the Government of the NWT based on a revenue sharing formula. Negotiations may require examination of the offset of resource revenues against the deficit grant to some extent. Formula financing arrangements are complementary to these negotiations. The Financial Management Board will have to consider recommendations put forth by the Minister responsible for Energy, Mines and Resources and ensure co-ordination and integration of GNWT funding and expenditure expectations in the development of a revenue sharing formula.

My colleague, the Hon. Gordon Wray, in introducing his department's budget, raised the issue of changes to the Financial Administration Ordinance permitting devolution of responsibilities to Ministers. The fine balance between accountability of Ministers and control by the Financial Management Board will be further reflected in proposed changes to the Financial Administration Ordinance in 1985-86.

Mr. Chairman, the Financial Management Board considers a large volume of background information in arriving at decisions. To accommodate these demands, computer assistance in the preparation of the main estimates -- and standing committee on finance documents among other requirements -- will take place for minimal additional costs. The documents you will consider next December should be computer produced.

Performance Measurement And Evaluation System

Members have raised the issue of a more formal evaluation of existing programs and the regular measurement by managers of program results. The standing committee on finance made an observation on this objective two years ago to which this government is responding as quickly as possible. The work done to date on a pilot project in the Department of Social Services has been positive and has resulted in the development of refined goals and objectives of the department. The standing committee on finance received a progress report on this project on February 28th.

Mr. Chairman, while program managers are and have been regularly measuring the performance of their programs and evaluating the results, such reviews unfortunately may not have been as effective as desirable. The performance measurement and program evaluation system is expected to assist government in developing an awareness and expertise in this area in 1985-86. If the pilot project is successful and the Executive approve government-wide implementation, it will lead to introduction of a final element of the accountabilities-based budgeting process.

Eight other very major projects and objectives of the Financial Management Board and the Financial Management Secretariat have been identified, Mr. Chairman. There is one other. In September 1985, the Financial Management Secretariat will host the interprovincial budgetary conference in Yellowknife. The theme of the conference is accountability and control, and permits the provincial counterparts of the secretariat to discuss on a timely basis, issues of concern that the Financial Management Board shares.

Mr. Chairman, the budget of the Financial Management Secretariat is \$1,093,000, with 16 persons, which reflects a small decrease -- one per cent -- over the 1984-85 revised forecast. During 1984-85, the secretariat placed one analyst with the NWT Housing Corporation to assist in developing financial reporting systems and received in return a staff member of the Housing Corporation to work in the secretariat. This staff exchange was made to develop a mutual understanding of secretariat and Housing Corporation program concerns and issues. In addition, one secretariat analyst was placed in the federal Treasury Board secretariat to become familiar with federal procedures with a view to assisting the Financial Management Secretariat and improving current territorial procedures.

Role In Preparation Of 1985-86 Budget Plan

In my budget address, Mr. Chairman, I expressed my gratitude to territorial officials involved in the negotiations for formula financing. The Financial Management Secretariat led these negotiations and was a major element in their successful conclusion. I acknowledge also the valuable role played by the Financial Management Board in the preparation of the 1985-86 budget plan. The Financial Management Secretariat co-ordinated the development of this document and the necessary support documents. As indicated in the press release tabled earlier on in this session, the achievement of award for the NWT's 1984-85 budget document, first in Canada, recognized the secretariat's professional excellence. Our main estimates contain a high volume of information and data to permit the Executive and the Legislative Assembly to formulate priorities in program directions. The environment in which the 16 members of the secretariat work in the service of the Financial Management Board is a difficult one and impinges upon all aspects of government activities. I am sure Members appreciate, Mr. Chairman, that this government is undergoing more rapid change than probably any other government in Canada. We are required to identify issues, prioritize and address them expeditiously. The major objectives of the Financial Management Board reflect this demanding task. That concludes my opening remarks, Mr. Chairman, and I would welcome questions.

CHAIRMAN (Mr. Erkloo): Any general comments? Mr. Ballantyne.

MR. BALLANTYNE: One question, I am impressed that the department won an award for the best budget. I wonder did they win an award for the best errata of the year also?

AN HON. MEMBER: Oh, oh!

HON. TOM BUTTERS: We are working on that, Mr. Chairman. That is a low blow.

CHAIRMAN (Mr. Erkloo): Mr. Ballantyne.

MR. BALLANTYNE: I wonder if the Minister could explain to this committee the difference between the \$10 million priority money and the \$10 million budget adjustments. What is the difference and what is the process by which each \$10 million was arrived at?

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

Injection Of Priority Funding

HON. TOM BUTTERS: Maybe the Member might repeat the question on the budget adjustments, but the \$10 million priority funding came as a result of a combination of two sources: one, our government expenditure restraint program which was first introduced in October of 1983 and contributed to a general reduction in expenditures across government. This program, Mr. Chairman, is still in place and is reviewed from time to time. The second element is the formula funding agreement. As indicated in the budget address, the formula financing agreement carries with it an initial injection of funding which has allowed the government to, among other things, allocate funding to priority areas.

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

MR. BALLANTYNE: If the Minister could explain the distinction between the process to arrive at \$10 million for budget adjustments and \$10 million for priorities. Is there any difference, or, in fact, do we have two groupings of priorities?

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

HON. TOM BUTTERS: I guess it is the words "budget adjustments" that I seek clarification on, Mr. Chairman. Could the Member rephrase the question?

CHAIRMAN (Mr. Erkloo): Mr. Ballantyne.

MR. BALLANTYNE: As a House, we were given two documents. One that identified \$10 million in priority money and then another document that identified another \$10 million in budget adjustments.

CHAIRMAN (Mr. Erkloo): Mr. Minister.

HON. TOM BUTTERS: Yes, Mr. Chairman, that is helpful. Those budget adjustments were a direct result of the information that the formula financing arrangement had been accepted by the Government of Canada, by Treasury Board, and on receipt of that information then those additional expenditures were identified and allocated.

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

MR. BALLANTYNE: Okay, for this given year, because of its rather unique situation, perhaps the government had to go this way. I am not arguing with the \$20 million, I think it was allocated to needed programs, but I am wondering, how in the future are we going to integrate priority money into the budget process? There has to be a more rational way of doing it than last year which was a little bit ad hoc, I think.

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

HON. TOM BUTTERS: I would agree with the Member that it was somewhat ad hoc and the reason for that is that this is the first time that we have addressed this provision in our budget. It is done through Mr. Nerysoo's work with the priorities and planning group and it is developed on the basis of recommendations and directions and advice that we receive from the Assembly during budget sessions. I agree improvements are required to occur and I am quite sure will occur. We will not find the same problems that developed as a result of the inclusion of those items at the very last minute in the current budget.

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

MR. BALLANTYNE: Does the Minister have any process in mind to integrate any priority money for next year into the budget?

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

HON. TOM BUTTERS: Well, the process begins with the Assembly. It goes through the priorities and planning examination and refinement. It is referred to the Financial Management Board and the final decision is taken at that level, then it is included into the budget that the secretariat puts together.

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

MR. BALLANTYNE: I wonder if the Minister can give us an update on formula financing.

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

Status Of Formula Financing Agreement

HON. TOM BUTTERS: Mr. Chairman, the agreement and the memorandum of agreement and the memorandum of understanding of which drafts have been seen by the standing committee on finance remain with DIAND. We have not heard when they are to be advanced but the expectation is that they would be advanced in the very near future. I am just advised that that query was made to Ottawa today and it looks like it could go to Treasury Board next week and cabinet the week after.

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

MR. BALLANTYNE: In the future, do we see a difference in the process? As I understand it now, any initiative of this government to the Treasury Board has to go through the Minister of Indian and Northern Affairs. Will there be a time when this government can make direct representation to the Treasury Board?

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

HON. TOM BUTTERS: This approach was attempted by this government two or three years ago and was not successful. I do know that senior officials in DIAND would prefer to see that arrangement occur but in view of the fact that the new government no longer permits the Ministers responsible for particular departments to appear before Treasury Board when their requirements are being discussed, I doubt that we might get that opportunity when federal Ministers are currently denied it. It used to be that the Minister responsible for the department would take the particular request into the Treasury Board and argue his case there. Recently, this does not happen. The Minister responsible for the department does not appear and Treasury Board examines the request on the merits and the arguments that have been put forward by the department and the Treasury Board secretariat.

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

MR. BALLANTYNE: When you refer to the Minister responsible, you are talking about the federal Minister responsible. Territorial Ministers were not going directly to the Treasury Board, were they?

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

HON. TOM BUTTERS: Mr. Chairman, I am saying that I doubt that territorial Ministers would be allowed the privilege of appearing and defending a supplementary estimate presentation when the new arrangement, as I understand it, is that Ministers of the federal government are not permitted to attend and defend their supplementary estimate requirements.

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

MR. BALLANTYNE: I understand that response, but I am just a little bit confused when you said previously Ministers appeared in front of Treasury Board and my question was, that was federal Ministers rather than territorial Ministers. Is that correct?

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

HON. TOM BUTTERS: Federal Ministers, Mr. Chairman.

CHAIRMAN (Mr. Erkloo): Mr. Ballantyne.

MR. BALLANTYNE: A general question about formula financing. I know a lot of the details have not been ironed out but one of the terms and conditions of the agreement was that federally initiated legislation will be outside the purview of formula financing and an example is the Young Offenders Act. I wonder if that has been sorted out right now. As I understand it, in the South it is a 50/50 split of O and M and 100 per cent of capital. Has it been worked out that the federal government will pay the equivalent of the provincial share for us?

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

HON. TOM BUTTERS: Yes, I think as our Minister of Social Services indicated, we get the same arrangement as has been developed in the case of the provinces. However, to date there has not been a base adjustment to our base and that is currently under active consideration by the federal departments responsible. So we have requested that base adjustment and justified its requirement.

CHAIRMAN (Mr. Erkloo): Thank you, Mr. Minister. Any more general comments? Mr. Richard.

Diversion Of Funds From Existing Programs

MR. RICHARD: Thank you, Mr. Chairman. Perhaps, Mr. Chairman, I could ask the Minister now the question that I asked earlier with reference to a diversion of \$10 million from existing programs to provide resources for government priorities. Could the Minister give some explanation to that statement as in the tabled document?

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

HON. TOM BUTTERS: Yes, the answer to the question, Mr. Chairman, is just about the same as I provided to Mr. Ballantyne when he asked with regard to the \$10 million on priority funding. I indicated that it came from two sources, benefits from our restraint program and the fact that the formula funding agreement gave an initial injection of funds that we used.

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

MR. RICHARD: Mr. Chairman, I still have difficulty with that. I had thought that the Minister had indicated that a request went out to the department to identify the bottom five per cent of low priorities and I had also understood that the Minister indicated to the standing committee on finance that that attempt to identify that lower five per cent was not successful but that the budgets were not cut. I simply wish to clarify that it seems to be a misnomer, that we are diverting funds from existing programs rather than adding \$10 million to what the budget otherwise might have been.

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

HON. TOM BUTTERS: Yes, Mr. Chairman. I indicated earlier that we had a restraint program in place since 1983. It is in conjunction with that restraint program that the call letters have gone out to departments to indicate where the low priority programs are. It does not mean to say that those programs are necessarily cut but it is in my estimation only good management that we would know the areas that we could fall back on should it be required. The restraint program has resulted in a diminution of services in certain areas and I guess one would have to look at that program to indicate the areas in which we have effective economies. I cannot indicate exactly what programs have been diminished and where they are, but it occurs in conjunction with our restraint program.

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

MR. RICHARD: Thank you, Mr. Chairman. I still, Mr. Chairman, for the record, have some difficulty with that. I believe in the standing committee on finance deliberations of December, we requested specific examples of where these low priority areas had been identified and the funds taken and no examples were forthcoming then, but the Minister has given his response and perhaps, Mr. Chairman, I will leave that area and move to another area, a general question and that is on the actual operations of the Financial Management Board. I understand, Mr. Chairman, that the board is comprised of the Minister of Finance as chairman, the Commissioner as deputy chairman and all other Members of the Executive Council and that the quorum is three. Could the Minister, Mr. Chairman, explain the procedure in which the board operates and I am thinking particularly of a given Minister, a Member of the Executive Council, who comes to the Financial Management Board with a request for supplementary funding? Is there a policy or procedure in place that when that matter is discussed at the FMB deliberations that...

HON. TAGAK CURLEY: Caught again.

---Laughter

MR. MacQUARRIE: We will get the Auditor General after you.

MR. RICHARD: That is my theory, Mr. Curley. Is there a policy or procedure that gives some direction as to the participation of the Minister responsible for that particular supplementary funding request? He does not sit as a Member of the FMB, I take it, in adjudicating on that particular request from his department.

CHAIRMAN (Mr. Erkloo): Thank you, Mr. Richard. Mr. Minister.

Operating Procedure, Financial Management Board

HON. TOM BUTTERS: The process is that the requirement is identified in a department. It is justified. It is brought to the attention of the Minister responsible for the department. He discusses the requirement with his officials, suggests amendments or suggests other ways in which it might be handled. If he is in agreement with the requirement, he would sign the document and refer it to the Financial Management Secretariat for review. The Financial Management Secretariat consists of a number of analysts who have a particular expertise in the requirements and budgets of the various departments. They would examine the requirement, and make recommendations with regard to that requirement. It would be checked out with the deputy secretary, Mr. Stewart, and then put on the agenda of the board for decision.

Now, the Financial Management Secretariat serves total government. It does not serve a particular department. It looks at each request in terms of the needs of total government. So that the Minister coming into the Financial Management Board meeting will find that there are a number of recommendations with regard to the requirement that have been made by the secretariat. Knowing that, sometimes the Minister may even decide to withdraw the requirement before putting it before the board. If he is hopeful that it would go, he or she would put it to the board and then speak to it. Witnesses would be available to answer questions with regard to the detail of the requirement. Then other Members would rule and decide upon the requirement. But the Minister is present to present the case as it was with the previous government.

CHAIRMAN (Mr. Erkloo): Thank you, Mr. Minister.

HON. TOM BUTTERS: One further point is that the Member mentioned that the quorum is three. It was three for a period of time just prior to the election when Members of the previous government might not have been so available. It is now four and the correction has not been made. I may say that the Financial Management Board meetings are very, very well attended. The attendance is three quarters or more, so we very seldom are operating at just a quorum.

CHAIRMAN (Mr. Erkloo): Thank you, Mr. Minister. Mr. Richard.

MR. RICHARD: With that record of attendance, Mr. Chairman, the Minister perhaps has already answered my next question, and that was whether the Minister whose department the funding request relates to is counted as a quorum, so to speak.

HON. TOM BUTTERS: Yes.

CHAIRMAN (Mr. Erkloo): Thank you. Financial Management Secretariat. Total O and M, \$1,093,000. Agreed? Mr. Ballantyne.

Performance Evaluation Pilot Project

MR. BALLANTYNE: I just have a comment, Mr. Chairman, on the performance evaluation experiment that is going on now. As a finance committee, we had a good briefing. I just have one concern that I want to bring out and maybe the Minister when evaluating that program can keep it in mind. As I understand it, to develop this program, input was solicited essentially from almost everybody involved in any particular program to set some sort of a base line from which one can evaluate effectiveness and efficiency. My concern is that though that seems like a logical way of doing it, if you involve everybody involved in a program to set their criteria, is there not a danger that the establishment of that criteria data base will be structured so that individual managers and individual departments would look good? If you ask everybody what they think they should do, obviously they are going to give their own opinion. I do not think they would give the optimum amount that is possible. So it seems to me that out of this evaluation system everyone is going to either look average or look good. It may be very difficult to be able to actually tell if a program is really being effective or efficient.

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

HON. TOM BUTTERS: Mr. Chairman, I do not have personal knowledge of how the process works but it is being established to prevent that particular problem identified by the Member from occurring. That is done by including strong representation from the central agency, from the secretariat. We would hope to ensure that we would not get an imbalance as a result of departmental input or bias but there is the obverse to the problem as well in that to make the system work you require the department's interest and co-operation and enthusiasm. I think this is one thing that has really proved itself in Social Services. I did attend the briefing which the standing committee on finance attended and I felt the enthusiasm that was exhibited by all the people that appeared at that meeting both from the department and the secretariat.

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

MR. BALLANTYNE: As I said all of us will be looking with some interest. I guess there is always the danger too that the medium becomes a message. The fact is now that it is happening people are excited about it and therefore work harder. It may not be the process itself, but the fact that the experiment is going on that gets people's excitement and you may find that next year when it is

not new and exciting that it in fact does not achieve the results we are looking for. What you are saying is that the central agencies provide some sort of a counterbalance to the evaluation of the departments. But I just have a feeling that in this sort of a system if you ask everybody what they think they should do effectively, they are not going to tell you something that is very hard to achieve. Obviously it is going to be the lowest common denominator. I mean anybody humanly is going to want to look good. So if in Social Services it is a matter of making, you know, one house call a day when in fact they could make three, if you ask the managers they are not going to tell you the optimum I do not think, are they?

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

HON. TOM BUTTERS: The Member has indicated a potential weakness in the approach but I would remind him and the House that, as I indicated in my opening remarks, it is a pilot project. It will come back to the Executive and the assessment and the questions that will be raised in that particular milieu will be very searching. So if it does not satisfy the Executive as having been successful and positive enough to begin to implement it for the rest of the government, well, it will just remain what it is now, a pilot project.

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

MR. BALLANTYNE: That is a fair response. I guess we will all be interested to see if it actually works. The danger always is that people have such great expectations while the reality is in a small government like this -- I mean managers are going to have to do a manual evaluation of their employees at the same time. This is not a sort of magic that you wait for a computer print-out that says "We are doing a good job." So I think we do not want expectations too high in this one.

Possible Influence On Programs

If I could go on to another point. If you look at the Financial Management Secretariat, obviously if this program is implemented through government, they will be doing the evaluation of the results of the program. Also, a lot of requests from departments are vetted through the secretariat. Is there a danger at some point in time that actual programs of the government will be influenced by decisions of the secretariat whereby, on straight financial reasons only, the secretariat could have too much influence and, in fact, start to really run or influence programs?

CHAIRMAN (Mr. Erkloo): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, no, I do not think so. It is a management tool for the department and the senior managers in departments. The secretariat would be involved in developing the criteria to ensure that it is an effective instrument of measurement and secondly, monitoring the implementation. I feel that the departments would have the hammer with regard to the process. They do the evaluations with regard to the programs under consideration.

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

MR. BALLANTYNE: Just to make the point that there is always the danger of a central agency incrementally having more and more input into actual line programs and I think, especially in a small government like this, it is something that everybody has to really monitor so that decisions as to which programs are valid, which programs should go ahead, are not just based on financial data. There are all the other intangibles and the danger is with a central agency like the secretariat that program decisions and influence on programs can be too heavy from the central agency.

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

HON. TOM BUTTERS: Just to express agreement with the Member's comments.

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

MR. BALLANTYNE: Another question, in the budget there is \$10 million allocated for capital contingency, I guess it is called. How will that money be accessed? Do you see that sum being increased every year, so that at one point we will have a capital contingency fund larger than that?

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

HON. TOM BUTTERS: Mr. Chairman, it also came as a result of the formula implementation. We have not projected an increased amount for next year. I guess it will depend on how the capital program goes forward. There has been a backlog of programs which we just have not been able to get around to and this is a catch-up. In a projection, if our funds allow, it may be in something of a similar amount next year.

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

MR. BALLANTYNE: Conceivably, if this money is not utilized this year, there could be an additional \$10 million or so next year, so that that pool of money, that contingency reserve could, in fact, increase every year potentially.

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

HON. TOM BUTTERS: Yes, Mr. Chairman, that is correct.

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

Capital And O And M Planning Process

MR. BALLANTYNE: Another point was brought up and the Minister responded briefly in the House at one point in time. Because of formula financing there is going to be a lot more flexibility with capital and O and M, moving moneys from capital to O and M and vice versa, and the Minister said that the government is looking at integrating the capital and the O and M budget process. Now, I wonder if he could give us some examples of how he sees that process being integrated and I think the rather unwieldy capital process in place, right now, does he see that being dismantled?

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

HON. TOM BUTTERS: Just to go back on the ability to transfer funds back and forth. When we were bound by the negotiating process, we had to have federal approval to change the amounts of either capital or O and M spending. With formula financing, we will be able to make those changes ourselves but that does not mean to say that there will be changes made unless there is good justification for the change. The only difference is that we will be making that decision now and we will be making it closer to home and much more quickly than it was made in the past. We do have the flexibility but it will be used with caution and restraint.

With regard to the operation of the capital planning, maybe a bit of historical data might be helpful here. In the past or prior to 1979, capital was an integral part of the whole financial planning process and there seemed to be a suggestion that maybe the capital aspects, the capital program of our government, was not receiving the attention it deserved and as a result of the task force on administration that the Commissioner established some five years ago, it was recommended that this capital planning group and a capital planning committee be established. It was established and it moved apart from the O and M planning process. Now, we are seeing a movement back again. It has matured, as it were, it is no longer seen as the orphan of the fiscal planning process and it can stand on its own feet. Obviously because of the relationship between capital and O and M requirements, there is a need to bring them as close together as possible. My own particular position, which I indicated to you was that I think it could be done and it should be done. However, that is only my particular assessment of the situation now. It is under very active consideration by senior officials and they will be making recommendations to the Executive with regard to a new organization and I am hoping that the Executive will see its way clear to effect this amalgamation which I think could be carried out quite readily within the current secretariat framework.

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

MR. BALLANTYNE: Thank you, Mr. Chairman. Does the Minister see any problems of dismantling the whole capital planning apparatus right now and using the O and M model, essentially that departments are given targets and they develop an O and M and a capital budget? Is there any problem with that or do you see some areas where capital should, in fact, be separate?

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

HON. TOM BUTTERS: I think we are getting very good service out of the current capital planning group and I do not see them being dismantled. I see an amalgamation taking place and a utilization of the expertise that has been developed. The one thing, and Mr. Nerysoo is probably the one best able to comment on this, is that there is an examination of moving the capital presentation of our budget at a different time of year, possibly the final session of the year so that we could have those approvals in place before the O and M requirements came on stream, because one flows from the other. This is certainly under active consideration and it could be suggested that it would improve the efficiency of our government and of the various departments who have to meet deadlines, construction deadlines and this type of thing. It would require, too, if it did go forward a lot of support and understanding of this House because it would mean a longer session in the fall. It would mean probably that we would have to meet in Yellowknife because the support people are here. So the type of session that we have enjoyed previously in the fall might be slightly different in character and extended in nature. But it is under very active consideration and one which the Leader is keenly interested in seeing receive full consideration.

CHAIRMAN (Mr. Erkloo): We will have a coffee break for 15 minutes.

---SHORT RECESS

CHAIRMAN (Mr. Wah-Shee): Financial Management Secretariat. Mr. Richard.

MR. RICHARD: Mr. Chairman, I did have one further area of questioning of the Minister as a follow-up to his statements that the Financial Management Secretariat does an initial vetting of these requests to the Financial Management Board, referring specifically to the handling of requests for special warrants. We have already, in the standing committee on finance, indicated to the Minister that we would be asking some questions in this area when we deal with the Supplementary Appropriation Ordinance. In a general way, I wonder if the Minister could indicate whether the urgency that is associated with special warrants, that precondition as it were, is that documented in the FMB meetings or in some other document and does the secretariat get involved in its support role in the documentation of the urgent nature of the request that comes from a given department?

CHAIRMAN (Mr. Wah-Shee): Order please. Mr. Richard, are you finished with your question? Mr. Butters.

HON. TOM BUTTERS: Yes, the secretariat is aware of the Financial Administration Ordinance and the requirement therein that there be an urgency for items so that when a proposal is put forward there is a number of things considered such as the date of the next Assembly, costs that may be incurred by delaying a project or the costs saving that would accrue by proceeding with the project. Sometimes the seasonal nature of the requirement relates and also the temporary availability of resources -- that is where, say a contractor may be in the community and would be available to undertake the project for less funds than to have it retendered later. So, there have been these types of considerations and Ministers are required to demonstrate the urgent nature of the requirement. However, as a result of discussions I have had with Members of the standing committee on finance, I have advised the secretariat that urgency element should be of major consideration when assessing these supplementary requirements and have advised the Ministers that the Financial Management Board and the secretariat would be looking at them very closely in relation to the provision of the Financial Management Ordinance. So I would expect that the number of special warrants could diminish as a result of that increased and intensive examination of need.

CHAIRMAN (Mr. Wah-Shee): Mr. Richard.

MR. RICHARD: Mr. Chairman, that part of my question regarding the documentation, has the urgent nature of the request for a special warrant been documented in FMB minutes or otherwise?

CHAIRMAN (Mr. Wah-Shee): Mr. Butters.

HON. TOM BUTTERS: There has not been established what one might describe as a special section which would be titled "Urgency of the Requirement". Henceforth, there will be such a requirement. In the past the items being brought forward by Ministers have been considered to be urgent and have been justified on that basis. But in the future, the urgency element will be receiving a greater consideration probably than has occurred in the past.

Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Financial Management Secretariat. Total O and M, \$1,093,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Does the committee agree that the budget details for this secretariat are concluded? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Mr. Butters, we would like to thank you and the witness for appearing before the committee. Thank you. Mr. Nerysoo, how do you wish to proceed?

Department Of Personnel

HON. RICHARD NERYSOO: Thank you, Mr. Chairman. I would like to have the consent of the House to invite the witnesses, Mr. John Parker, the Commissioner, and also Mr. Ted Bowyer, the deputy minister of Personnel.

CHAIRMAN (Mr. Wah-Shee): Does the committee agree that we bring in the witnesses?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Mr. Minister, for the record, would you identify your witnesses, please?

HON. RICHARD NERYSOO: Thank you, Mr. Chairman. Just to indicate, on my immediate right is the Commissioner, Mr. John Parker, and on the far right is Mr. Ted Bowyer, the deputy minister of Personnel.

CHAIRMAN (Mr. Wah-Shee): Thank you, Mr. Minister. Mr. Minister, do you have any opening remarks you wish to make at this time?

HON. RICHARD NERYSOO: Thank you, Mr. Chairman. I believe that I had made my opening remarks and one of the concerns that had been expressed was with the policy regarding native employment. Since then that particular document has been made available to Members and it has been tabled in this House, so I would like to proceed now into details with regard to Personnel.

CHAIRMAN (Mr. Wah-Shee): Does the committee agree that we go into budget summary at this time? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Directorate, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Directorate, total O and M, \$2,393,000. Page 7.5. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Finance And Administration, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Finance and administration, total O and M, \$349,000. Agreed? Mr. Ballantyne.

MR. BALLANTYNE: I wonder if the Leader could give us a brief explanation of the personnel information system. What sort of information is in that system?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister.

HON. RICHARD NERYSOO: Thank you, Mr. Chairman. I will ask Mr. Bowyer to respond to that particular question.

CHAIRMAN (Mr. Wah-Shee): Mr. Bowyer.

MR. BOWYER: Thank you, Mr. Chairman. The types of information available on the personnel information system deal with reports to management, statistics, training of staff, organizational maintenance, liaison with departments and regions, statistics on native employment, employment of women -- those types of information are the types of things that are included in the PINGO system, as well as levels of education, experience and so on.

CHAIRMAN (Mr. Wah-Shee): Finance and administration, total O and M, \$349,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Staff Relations, Total O And M

CHAIRMAN (Mr. Wah-Shee): Thank you. Staff relations, total O and M, \$10,345,000. Mr. Ballantyne.

MR. BALLANTYNE: I see one of the departmental objectives for this year is to implement the remaining provisions of the staff accommodation policy. Could we have a brief description as to what are those remaining provisions?

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: Thank you, Mr. Chairman. Maybe I will ask the Commissioner to respond to that.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner. Mr. Bowyer.

MR. BOWYER: Thank you, Mr. Chairman. The implementation of the remaining provisions of the staff accommodation policy is really an ongoing objective. The object of the policy is to have staff obtain their own accommodation, move into the private market and for the government in effect to get out of the business of being a landlord. It has not been that easy, particularly in view of the shortage of housing and apartment space in Yellowknife, so that the options for staff to go along with the policy and make those kinds of moves have been very, very limited. The objective is an ongoing one. We intend to pursue it and I do not know whether that answers the question satisfactorily or not.

CHAIRMAN (Mr. Wah-Shee): Mr. McCallum.

Communities Affected By Housing Policy

MR. McCALLUM: Mr. Chairman, just along the same lines, or to go maybe a little more deeper into it, could the Minister indicate to me in what communities is that provision or that policy in effect now? What communities are affected by it?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister.

HON. RICHARD NERYSOO: Thank you, Mr. Chairman. Maybe I will ask the Commissioner to respond to that particular item.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, this is on the house repurchase plan, I believe, and did you want to know how many houses had been bought back?

CHAIRMAN (Mr. Wah-Shee): Mr. McCallum, would you clarify your question, please?

MR. McCALLUM: Mr. Chairman, that question may be one that I will come to, but the question I want to ask, there is a policy now, as I understand, of the government that government personnel living in certain communities are given a year to obtain their own accommodation, whether it is building their own home or renting it, but just to get their own accommodation, that is there is a one year time period. I would like to know in what communities is that policy in effect or that part of the policy in effect?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, that policy is in effect in what we class as level one communities: Yellowknife, Fort Smith, Hay River and Fort Simpson. As Mr. Bowyer indicated, Mr. Chairman, we have run into some slow-down and have had to extend deadlines for some specific reasons. In one instance we have a block of houses that we rent and we have been unable to take them over and gain ownership so that they could be resold and therefore some employees continue to occupy those on a rental basis, simply because it makes sense. We have had some other difficulties along that line. We have been applying the policy in what we believe to be a common sense approach.

CHAIRMAN (Mr. Wah-Shee): Mr. McCallum.

MR. McCALLUM: Thank you, Mr. Chairman. Are those the only four communities that you term level one, or places like Frobisher Bay and Inuvik, are they in a level one or are they a level two?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister or one of your witnesses.

HUN. RICHARD NERYSOO: I will ask the Commissioner to answer that particular question.

COMMISSIONER PARKER: Mr. Chairman, the four that I mentioned are the only level one communities and Inuvik and Frobisher Bay are level two communities.

CHAIRMAN (Mr. Wah-Shee): Mr. McCallum.

MR. McCALLUM: Thank you, Mr. Chairman. Could I get some indication as to what is the time period that you may look at in terms of having the policy in effect in level two? I can understand as I recall a rationale that these other communities are on a highway system but certainly Inuvik would be on a highway system now and I wonder whether in fact there is any move -- or is it using common sense, to use the Commissioner's term, is it feasible to look after instituting that policy in those communities, specifically in Inuvik or maybe even Fort McPherson, or other communities in the near future?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, we are alert to moving communities from a level two basis to a level one basis but we have no immediate plans to do that with the communities that the Member has mentioned. The reason is that before that policy can work at the level one basis we really have to have a housing market. There has to be some private market so that there can be some choice for people. We also have to be in a position to sell government houses. In Inuvik, for instance, we have a particular problem there because the majority of government employees live in either duplexes or quadruplexes and until we have really good workable condominium legislation, we cannot subdivide those properties and offer them to the employees.

However, having said all of that, we still encourage people to move into home-ownership. We think we are definitely seeing signs of success. For instance, in Frobisher Bay, there has been a great deal of success achieved with the use of our policies and people going into home-ownership.

CHAIRMAN (Mr. Wah-Shee): Mr. McCallum.

MR. McCALLUM: Thank you, Mr. Chairman. I appreciate that it may be difficult but I know that in Fort Smith for example, you do sell duplexes to two people. In other words, you split the ownership of that one unit. I suspect you are doing the same thing in Hay River. Regardless, I think that I accept that it may take a little longer in certain places and I agree with the Commissioner that there should be a private market.

Buy-Back Housing Policy

I guess that leads to another question. That is, another facet of the housing policy is a guaranteed buy-back that is there for government people who buy a government house or, as I understand it, who build their own home. The government has a buy-back on that. I just wonder why in the areas that you mentioned where this policy is in effect, why it would be necessary, since there is a market in Hay River, Yellowknife, Fort Smith, I am not too sure if I can speak for Fort Simpson. Why would the government continue to have that part of the policy in effect where there is a real estate market?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, we instituted the buy-back policy at a time when we were first introducing the home-ownership approach and it seemed necessary at that time to ensure that our policy of home-ownership would work and would be acceptable to employees. It could be regarded I suppose to some extent as an interim measure. However we do not feel that we are ready just yet to step away from that buy-back provision. Members should be aware though, that we apply a good deal of pressure to employees who are leaving or being transferred or moving for some reason or other to try to market their homes themselves to buyers other than the government. One of the ways we do this is that we do not offer any more than 90 per cent of the market value of the house to the employee. The value is established by having outside appraisers, that is non-government appraisers, examine the building and put a price on it. Again, we do not offer more than 90 per cent. I think that that is one of the fundamental principles of our policy and the proof of it is that it seems to be working. Where there is a good market here in Yellowknife we have not bought back any units. Any trades that have been carried out have been done on the private market. We have bought back two or three units, two in Fort Smith, I think, one in Hay River, one in Fort Liard, one in Frobisher and one in Simpson. But that gives the employees a good deal of confidence to go into home-ownership. I think Members have to bear in mind that employees at certain levels are subject to transfer from one community to another. We are also anxious that they get regional experience wherever possible and as management we need that kind of flexibility.

CHAIRMAN (Mr. Wah-Shee): Mr. McCallum.

MR. McCALLUM: Thank you, Mr. Chairman. I agree that there are circumstances that necessitate taking a look at individual cases. Obviously where you do transfer people, that is the government will transfer people, and I think of regional superintendents or people at that particular level, I agree that you have to look at it in that particular light. Just to clarify it, the 90 per cent, is that 90 per cent of what the unit was sold to them for or is it 90 per cent of the market value at the time in which it is put on the market?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, it is 90 per cent of the current appraised value and therefore the employee should have the right to take increases or suffer decreases in market value that have occurred through ownership. Within Yellowknife, we have one further constraint that we would not pay more than \$95,000 for a house even though the 90 per cent figure might be more than that.

CHAIRMAN (Mr. Wah-Shee): Staff relations, total O and M, \$10,345,000. Mr. Ballantyne.

MR. BALLANTYNE: I wonder if the Government Leader could just give us a brief description of how the process to develop a collective bargaining position works, the role of the Executive Council, the role of the Department of Personnel, just basically how you develop your position.

CHAIRMAN (Mr. Wah-Shee): Mr. Minister.

HON. RICHARD NERYSOO: Mr. Chairman, I will allow the Commissioner to speak to that particular item.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

Development Of Collective Bargaining Position

COMMISSIONER PARKER: Mr. Chairman, the officials of the Department of Personnel, led by the director, on an ongoing basis monitor collective agreements that we have and assemble statistics on what is happening in other jurisdictions and predict the trends. Based on that information and

assisted by a person that we retain on an "as required" basis as a negotiator and an adviser, Personnel prepares a bargaining position estimating, of course, what the other side of the bargaining unit, the unions themselves, will be seeking.

First of all, I am briefed and Mr. Nerysoo is briefed, and we give certain directions that we have gleaned from discussions with Executive Council Members. As the time for bargaining gets closer then we consult with Executive Council Members on the form of the meeting giving an overview of what our position should be by our estimation and receive broad direction. Once the position of the employee association has been placed before our bargaining team then the Executive Council will be called upon to give specific and overall direction. Once that is done then as the bargaining proceeds, Mr. Bowyer would be in touch with me and with Mr. Nerysoo for specific direction on individual points. Once a settlement is either very close or has been reached then there is a final briefing to make sure that there is no impediment to signing. But at that point it is really a foregone conclusion because we place confidence in our negotiator and in Mr. Bowyer to proceed.

CHAIRMAN (Mr. Wah-Shee): Mr. Ballantyne.

MR. BALLANTYNE: Does Mr. Bowyer sit on the team itself?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: No, Mr. Chairman.

CHAIRMAN (Mr. Wah-Shee): Mr. Ballantyne.

MR. BALLANTYNE: There are different ways of doing bargaining obviously. We have a negotiator on contract that actually does the negotiations for the government. Does the government when they are giving broad guidelines, give a fair amount of flexibility to that negotiator?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, we give basic directions on the range and perhaps on ceilings, on how far our negotiator can go. And then if the negotiator in the process of negotiating finds that it would make sense to go a step beyond that in some instances, he would come back to the Executive Council through myself and Mr. Nerysoo for approval of any change of any limits that have been established. But within the limits, as it must be, the negotiator has a reasonable amount of flexibility and, of course, he is in daily contact, hourly if necessary, with Mr. Bowyer and, of course, there are other members of the government actually on the bargaining team.

CHAIRMAN (Mr. Wah-Shee): Mr. Ballantyne.

MR. BALLANTYNE: Just another question is that I understand now that the PSAC has organized a number of communities. Now, I know the PSA members do not have the right to strike but would these employees now under the PSAC have the right to strike?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Yes, Mr. Chairman.

CHAIRMAN (Mr. Wah-Shee): Mr. Ballantyne.

MR. BALLANTYNE: I understand that this is not the role of the government but is the Minister or the Commissioner aware of any contacts made by PSA with these hamlets? Do you know if that has happened?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister or Mr. Commissioner.

HON. RICHARD NERYSOO: Mr. Chairman, no, we are not aware of that at all. There has been certainly no indication to us.

CHAIRMAN (Mr. Wah-Shee): Thank you, Mr. Minister. Staff relations. Total O and M, \$10,345,000. Mr. T'Seleie.

MR. T'SELEIE: Thank you, Mr. Chairman. Maybe I might be ruled out of order but...

MRS. LAWRENCE: No, we won't do that.

MR. BALLANTYNE: Dene brother.

---Laughter

CHAIRMAN (Mr. Wah-Shee): Please.

Construction Costs, Personnel Housing

MR. T'SELEIE: Is this the part of the department that finances the construction of Personnel houses in the community? I guess my question is mainly sort of a technical one. I know of one case in my constituency where the Department of Personnel is planning to build a staff house and I know right now that companies and people have put in their bids for the building. I know that the bids were far below the amount that is put into the capital plan for the building and I wonder what the government does in those instances with the left-over money. When a bid comes in very low, is the extra money rejuggled or what happens in those instances?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister.

HON. RICHARD NERYSOO: I believe that we probably could have dealt with that under capital, however, I will try to answer it. I believe that there are two parts to the costs that are associated in any construction. First the construction of the building itself and then the actual costs needed to have the project manager travel to the community to review the site, to review the actual plan itself, to review the ongoing construction, which are associated with that particular construction so that while the cost of the actual house may be less, there are additional costs that are necessary to ensure that the construction of that particular project is according to the standards that we set and have agreed with the contractor.

CHAIRMAN (Mr. Wah-Shee): Thank you, Mr. Minister. Staff relations. Total O and M. Sorry, Mr. Pedersen.

Buy-Back Of Buildings On Leased Lots

MR. PEDERSEN: Thank you, Mr. Chairman. If I may, I would like to return for a minute to the buy-back program. The \$95,000 limit at 90 per cent, does that in a place like Yellowknife, apply to the house and the lot? The total price between the two?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Yes, to the total property, Mr. Chairman.

CHAIRMAN (Mr. Wah-Shee): Mr. Pedersen.

MR. PEDERSEN: Thank you, Mr. Chairman. In communities where lots are not available to purchase, where houses are built on leased land on a 20 or 30 year lease whichever, does the same limit of \$95,000 apply for the building on a leased lot?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, we have been applying the \$95,000 limit only in Yellowknife. Originally, we thought we would apply it across the board and then we realized that was unfair because of the substantially higher costs in other communities so that figure is not being used, and it causes us no difficulty that the building is on leased land. The buy-back would be based on the assessed value then, or appraised value rather, of the house and any other improvements that were made to the lot but not to the value of the lease.

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: Just further to that though, in particular cases where individuals are going to apply for the financial assistance under the home-ownership program -- I am referring to the housing allowance or any other benefits that are associated to constructing their own homes -- many times they have to go to the banks for mortgages and building houses on leased land, I believe

causes the banks some serious problems and concern and so they have some difficulty in trying to have the banks agree to a mortgage in that particular instance. So, I just wanted to further clarify that.

CHAIRMAN (Mr. Wah-Shee): Mr. Pedersen.

MR. PEDERSEN: Thank you, Mr. Chairman. I think the Commissioner just indicated that the \$95,000 limit is not applied in what we might call outlying communities, in a community like Coppermine, for instance. Is there any upper limit there, or just 90 per cent?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, the \$95,000 limit does not apply to communities outside of Yellowknife and we have not set any limits in other communities other than the 90 per cent limit.

CHAIRMAN (Mr. Wah-Shee): Mr. Pedersen.

MR. PEDERSEN: Thank you, Mr. Chairman. Obviously the government cannot be involved at the time an employee may build or purchase a home. Under this buy-back policy, is there a lower limit on the size, the quality, the facilities for instance, or will the government simply buy back anything that an employee may have purchased or built and be living in? Are there any limits to standards or size for what we will purchase back?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, we have not established any lower limits either on quality or price as yet, simply because we have not run into that question, but we might have to. That is a possibility. We do not want to move to press people into building only larger or more elaborate homes, but I suppose when it came to a buy-back, the quality and the condition of the house would very much be reflected in the appraised value.

CHAIRMAN (Mr. Wah-Shee): Mr. Pedersen.

Appraisal In Outlying Communities

MR. PEDERSEN: Thank you, Mr. Chairman. Just one further question. When an appraisal for the purpose of pricing a house in the South is normally done, there are a number of factors entering into it and one is what similar properties have traded for in that same area over a given period. I think it would be right to say that in most of the outlying communities that factor would not be available because houses simply do not sell from one person to another. Certainly, in my constituency, they would not. In communities like that, how would we arrive at an appraised value, or would we simply use the fairly recently done assessment that our government carries out for taxation purposes?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, no, we would not use our own assessed value but rather we would use an independent appraiser. There are some located and licensed in the Territories and we would not hesitate, if we had to, to bring an appraiser in. It is true that the appraiser has a difficult job to do when he is working in a community where there are no values that are arrived at through averaging sales and in those cases the appraiser has to rely very much on the best estimates of a replacement value. So, we would say a reasonable replacement value would be the sum in a place like Coppermine, for instance.

CHAIRMAN (Mr. Wah-Shee): Staff relations. Mr. Erkloo.

Holiday Travel Assistance

MR. ERKLOO: Thank you, Mr. Chairman. I am probably talking in the wrong place and to the wrong people because I should probably talk to the union, PSAC. However, I am going to talk a little bit about the civil servant who wants to take a holiday. People who work for the government are permitted to take holidays to go down south twice a year and the government ends up spending a lot of money, whereas if they are going to take a holiday at home, they only get so much assistance which is kind of a small amount of money. I am wondering if the government has thought about making it more attractive to take a holiday at home. Thank you.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, we offer two assisted vacation travels a year just to one category and that is people who have worked for us for at least seven years and are in a community that is not on the highway. As far as the benefits to people who wish to take their leave within the Northwest Territories, that is a matter that we are going to be in negotiation on and I would rather not go into that at this time, beyond saying that we understand the problem. We are very sympathetic and I think that as a result of our negotiation we will be producing a better policy.

CHAIRMAN (Mr. Wah-Shee): Staff relations, total O and M, \$10,345,000. Mrs. Lawrence.

Medical Benefits For Native People

MRS. LAWRENCE: Thank you, Mr. Chairman. Under employee benefits, I questioned this last year and I notice it has not been resolved. I just wanted to know what the department has done to resolve the mix-up in the medical benefits for status people?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister.

HON. RICHARD NERYSOO: Thank you. I believe the Commissioner has the response or reply to that particular issue.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, we, in fact, believe that the problem has been solved and we do not believe that it does present a difficulty to native persons who have medical benefits available to them because they are native persons. The government offers to all territorial government employees a benefit package. One of the options available is Group Surgical-Medical Insurance Plan. The premiums range from \$2.15 to \$8.15 a month based on family status and the type of coverage a person elects to receive. This plan is not compulsory.

Treaty Indians in the Northwest Territories are covered for medical benefits under the Indian Act. The federal health policy basically states that all non-insured benefits or any treatment prescribed by a physician is covered under this policy. The only exception appears to be if a patient elects to have a private or semi-private hospital room. Now, if that employee had taken out GSMIP, that is the government's plan, that would be covered as well. Treaty Inuit, if I dare use that term, are not covered under a specific act but are recognized as the aboriginal people of Canada and are covered under the federal health policy in the same manner as treaty Indians. In fact, many of our employees who are either Dene or Inuit choose not to become part of the government's plan but rather to receive their benefits directly as if and in fact they are treaty Indians or in the same class as treaty Indians.

CHAIRMAN (Mr. Wah-Shee): Mrs. Lawrence.

MRS. LAWRENCE: Thank you, Mr. Chairman. It appears that some problem has been resolved since last year. I still am not too clear and I am sure that people at the community level are not too clear also. If a status Indian is working for the government he was told that because he is working for the government therefore they no longer come under the responsibility of Health and Welfare. Maybe \$8.15 does not seem much to some but it means a lot to other families where there are several children involved in one family and they cannot live on deduction therefore they should be left alone without them having to pay this premium because they are already covered. It is such a confusion for smaller communities. They cannot get reimbursed, they are not filling their forms properly and I end up speaking on their behalf because they are not too clear. They have to go through the regions and according to what you said, Mr. Parker, maybe now, hopefully, the problem is solved. Mahsi cho.

CHAIRMAN (Mr. Wah-Shee): Mr. McCallum.

Funding Adjustment In Employee Benefits

MR. McCALLUM: Mr. Chairman, on this particular activity the last paragraph outlining what the activity is doing says, "A funding adjustment in employee benefits was made to correct an historical deficiency." Could I have an indication of what that "historical deficiency" was or is?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister.

HON. RICHARD NERYSOU: Yes, Mr. Chairman, just to indicate that I believe that the historical deficiency had to do with the Thebacha College teachers. No? Okay, my mistake. Maybe I could ask Mr. Bowyer then to deal with that.

CHAIRMAN (Mr. Wah-Shee): Mr. Bowyer.

MR. BOWYER: Thank you, Mr. Chairman. The funding deficiency has occurred in several of the regions where the volume of turnover and non-discretionary expenses by the government have just exceeded the budget. In this years budget we have made some base adjustments in several regions and we adjusted to last year. We think now that we probably have the right mix for the regions to be properly funded so that they can conduct without having to get transfers from headquarters.

CHAIRMAN (Mr. Wah-Shee): Staff relations. Ms Cournoyea.

HON. NELLIE COURNOYEA: Just a note, Mr. Chairman. The Commissioner referred to treaty Inuit. Just for the record there is no such thing. That is it.

CHAIRMAN (Mr. Wah-Shee): Staff relations. Mr. McCallum.

MR. MCCALLUM: Thank you, Mr. Chairman. Do I understand from Mr. Bowyer's comment that that has to do with the number of positions within a particular region now coincides with the number of bodies, as it were, that are there? And the funding thereof, is that what that deficiency meant?

CHAIRMAN (Mr. Wah-Shee): Mr. Bowyer.

MR. BOWYER: Thank you, Mr. Chairman. Yes, the things that we are required to expend on behalf of the employee are removal, vacation travel assistance, all those types of things. The areas that we get into are where one region may have a larger turnover rate than another one and we just have not had enough money to stay caught up to the removal costs of getting people in and removing them out. These base adjustments were made through the regions who have historically over the last five or six years showed a deficiency in their base and we have worked this out with the Department of Finance to try and correct their base so that there were not transfers having to be made at the end of each year from within the department or supplementary estimates required to address those shortages at the regions.

CHAIRMAN (Mr. Wah-Shee): Mr. McCallum.

MR. MCCALLUM: Thank you, Mr. Chairman. So, these are benefits for removal costs. They are not benefits given, pardon me, but they deal with all benefits then, that there were a number of people who would be involved within the region in different departments more than there should have been and as a result you would have to provide them with benefits.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, I think it really became a problem because the regions got out of balance a bit and what we had to do was look back and we had gained enough experience so that based on the historic spending pattern we could adjust it. We were not depriving anyone of any benefits nor were we adding any new ones but the budget was just out of alignment and these are corrections to accommodate the situation based on the historical information that we now have.

CHAIRMAN (Mr. Wah-Shee): Thank you, Mr. Commissioner. Staff relations. Mr. Richard.

Effect Of Compensation Package On Private Sector

MR. RICHARD: Thank you, Mr. Chairman. Mr. Chairman, I note in the description of this activity it states that compensation development, one of the roles of this activity, ensures that the Government of the Northwest Territories compensation package is equitable within the government and competitive with other jurisdictions across Canada. It occurs to me, Mr. Chairman, that there is also a responsibility in government to look at the effect of the compensation packages on the market place or the private sector in which this government operates in this jurisdiction. That is any number of communities where there are government employees and I am sure the Minister and the Commissioner have often heard complaints, if you will, from the private sector in the past about the difficulty of the private sector competing in communities, virtually all communities in the

Territories, where government plays such a predominant role in the entire market place. I am not sure what the solution is for government's role but does the government take that into consideration and what do you see as steps that can be taken to alleviate that real concern of the private sector?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister.

HON. RICHARD NERYSOO: Thank you, Mr. Chairman. Maybe I can answer -- well, I will make a few comments with regard to the issue raised and have Mr. Parker elaborate further. Just to indicate that the government is aware of the concerns that have been expressed with regard to the types of benefits that we pay and the costs that are associated, particularly as it affects private businesses in the North because as much as we want to be competitive with the benefits that are being paid in other jurisdictions, we also have to recognize that it does affect the ability of small businesses and a small business community to really compete with government and in competing for the labour force that now exists in the NWT.

I want to also indicate to you that there is another factor when we look at these things and that is competing with large industry as well as a government. The effect of major industry in the North and the benefits that are associated to those jobs and how we have to best compete to keep people in government as well. So in that sense I think that we are aware of the concerns that you expressed and we do look at the compensation packages in relation to what effects they might have with regard to small business. But at the same time we have to be cognizant of the fact that if we do not respond positively in the sense of either increased benefits or an increased package in some cases, we may end up losing to larger industry in the North. So in that sense we have cognizance of that.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner, did you want to add to what has been said?

COMMISSIONER PARKER: Mr. Chairman, I would only add that it is indeed a constant worry and a constant concern that the territorial government not unnecessarily set the pace. One of our major competitors for people and a major pace setter, of course, is the federal government itself, because it establishes salaries that are competitive right across Canada. From time to time we have to be careful not to lose too many people to the federal government, simply because it costs us money to replace them and we do not ever want to lose good employees but there is a cost involved in their replacement. So we are very much walking a tightrope trying to keep our salaries within reasonable limits, to not set the pace, to not upset the private sector, but to keep reasonably competitive. We have held the line I think particularly in these last two or three years of restraint and I suspect we will continue to do so.

CHAIRMAN (Mr. Wah-Shee): Thank you, Mr. Commissioner. Staff relations. Mr. Pedersen.

Loan To Purchase Food Supplies

MR. PEDERSEN: Thank you, Mr. Chairman. I understand that we have a program that provides money in the form of a loan, an interest free loan, to a new employee posted to a remote community for the purchase of food supplies for a year. If that is correct, could we have a very brief explanation of that program, please?

CHAIRMAN (Mr. Wah-Shee): Mr. Minister.

HON. RICHARD NERYSOO: Mr. Chairman, Mr. Bowyer will be responding to that particular question.

CHAIRMAN (Mr. Wah-Shee): Mr. Bowyer.

MR. BOWYER: Thank you, Mr. Chairman. The item that the Member is referring to is a sealift type of situation in remote communities where we provide, particularly to teachers, an advance for them to sealift into the community their yearly food order. And that is recovered on a pay roll recovery system so that the amount of the advance if you like is totally recovered over the course of the teaching season.

CHAIRMAN (Mr. Wah-Shee): Mr. Pedersen.

MR. PEDERSEN: This is an interest free advance, is it?

CHAIRMAN (Mr. Wah-Shee): Mr. Bowyer.

MR. BOWYER: That is correct, Mr. Chairman.

CHAIRMAN (Mr. Wah-Shee): Mr. Pedersen.

MR. PEDERSEN: Thank you, Mr. Chairman. I wonder if we perhaps should not review that policy. It seems strange to me that on the one hand we support local business and business in the NWT and on the other hand, we finance employees to purchase outside of the NWT to the detriment of local or territorial merchants or business people. It just doesn't quite seem to jibe to me.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, I think that the suggestion for a review of the policy is a good one. I suspect that it has decreased in importance in recent years along with the better supply that is available in many communities now, much better than was the case a few years ago. And we will also have a look at the question of making it available as an interest free advance. I would like just to have the opportunity to review the whole policy. I think one thing that could be borne in mind is that our employees on arriving on the scene if they indeed have moved from somewhere else do not have the same opportunity as local people do for getting game meat. That has some bearing on the need to lay in a stock I suppose.

CHAIRMAN (Mr. Wah-Shee): Staff relations. Mr. Ballantyne.

MR. BALLANTYNE: I have a question of the Government Leader. When we were last on Department of Personnel a couple of weeks ago, I asked the Government Leader if he would investigate a problem of female employees of the government who when they go on maternity leave have their housing allowance deducted from their benefits. Have you found out anything about that, Mr. Nerysoo?

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Chairman, I would suggest that I not respond to that. I believe that that particular item is an issue in the bargaining session and I would rather leave it until the bargaining session is over before we respond in detail, and allow that process to run its course.

Staff Relations, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Staff relations, \$10,345,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Personnel Services, Total O And M

CHAIRMAN (Mr. Wah-Shee): Personnel services. Total O and M, \$1,467,000. Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Chairman, I believe that you asked a question during the debate on Personnel budget on Thursday, February 21, 1985, with regard to the northern careers program. I would just like to indicate that at present we do have very good co-operation between the Government of the NWT and northern careers staff. Northern careers work plans call for regular contact with GNWT as a potential employer and source of training and development for trainees. The GNWT does not sponsor people in the northern careers program. However, the GNWT does provide on-the-job development assignments for trainees. Since the program started, 19 northern careers trainees have completed on-the-job assignments with the GNWT for a total of 189 training months. In the past year, only one person has participated in such an assignment and approximately 34 persons have found employment with the GNWT following completion of training. So I believe that was a question that you had asked and I am providing you with a response.

CHAIRMAN (Mr. Wah-Shee): As chairman of the committee, I appreciate it, but I cannot respond to that. Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. With regard to the policy paper on native employment, under principles, number three says that it is the responsibility of the Government of the Northwest Territories to encourage and facilitate the recruitment, hiring, training and promotion of aboriginal peoples indigenous to the Northwest Territories. I was just wondering why this government has taken the responsibility in that particular area and why not maybe have native organizations take on that responsibility?

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Chairman. Just to indicate that the policy itself refers to the Government of the Northwest Territories. As a government, and this is the reason that we are here as a Legislature, we have to respond to the concerns that people bring to our attention but we are only one factor in addressing the question and the issue of native employment in the Northwest Territories, because we deal with the issue of native employment in a number of ways. Firstly, in this particular policy as it relates directly to the employment of native people in government. Secondly, we are on an ongoing basis through the discussions with industry, trying with the federal government, to develop plans that will encourage the employment of native people. In fact, we worked a few years ago with the Dene Nation and the Metis Association on trying to deal with the question of employing more native people on the Norman Wells project. So, rather than suggesting that one individual group or organization or one government take the responsibility for native employment in the North, all have a responsibility.

Directive Relates To Government Employment

We are playing our role as it relates to the government and the agencies that are associated with the Government of the Northwest Territories. It has been suggested by yourself and also by the Members in this House that we employ more people in the government. It has not been suggested that we employ more people in the Dene Nation because that is really their responsibility to employ people as they so choose and the policy itself here is to address the people that are associated to the Government of the Northwest Territories. As such, we have developed the policy to respond and we are giving the direction through the directive as to how we might accomplish that as it relates to the Government of the Northwest Territories. But certainly we do not rule out the option of working with the Dene Nation or the Metis Association in developing direction and policies or certain training options that might be available to both organizations, as well as having them address with us the question of employing more native people, particularly in the West.

CHAIRMAN (Mr. Wah-Shee): Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. Just looking at the policy itself, I am certainly under the impression that it does take away the responsibility of native organizations ever taking on any kind of government programs. It probably restricts them from taking over the government programs because as a matter of fact this government is saying, look, we have a policy that deals directly with native recruitment and hiring and training. I mean, what more do you want? So, that in itself is maybe restricting native people from ever taking on government programs.

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Chairman, with the policy we are responding to a concern that this House raised with us of employing more native people in government, advancing them to higher positions in government. The Dene Nation cannot take on the responsibility of personnel for the government. That is the responsibility of government.

Certainly, as I indicated, we can work with the Dene Nation if they wish to work with us in developing training programs, training options that might be available. We tried that before with regard to the Norman Wells project, and I want to be honest with you, it was the Dene Nation that caused most of the problems that were related to the \$10 million that was made available to training to the North. I do not want to place blame here but if they are prepared to work with us, so be it. We are open and we will deal with them fairly and will deal with them very honestly. But our experience has not been a very good one and I suggested at the time you were involved as well.

CHAIRMAN (Mr. Wah-Shee): Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. The other point of principle on the policy is with regard to the position that the Government of the Northwest Territories will take; a leadership role in the development of affirmative action programs. As long as the office of native employment is under the Department of Personnel I do not know how this affirmative action is going to be implemented then and to make it work, unless maybe it is an independent body that does it. As long as the government is responsible for this affirmative action program I do not know how far it will get.

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: I believe the Commissioner will respond to that.

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

Equal Employment Directory

COMMISSIONER PARKER: Mr. Chairman, having advanced and approved the policy on native employment, of course it now falls to the government to outline how it is going to make this work. The Executive Council has not finished its work on this but just to give you a preview of what we expect will happen, it is my expectation that we will be creating a unit called the equal employment directorate which will consist of the functions now handled by the office of native employment plus adding resources to such a unit and that that unit will report directly to an elected Member. That will give it a higher profile and perhaps to some extent a greater degree of independence. It is very much the responsibility then of the Executive Council to lead in ensuring that affirmative action in this area, and in other areas which will follow, works.

CHAIRMAN (Mr. Wah-Shee): Mr. Gargan.

MR. GARGAN: Mr. Chairman, I have two questions. One is that as far as the native employment office goes, am I correct in saying that there is only this one particular office in Yellowknife? The other one is with regard to the equal employment unit the Commissioner was talking about. Who is going to be in this unit?

CHAIRMAN (Mr. Wah-Shee): Mr. Commissioner.

COMMISSIONER PARKER: Mr. Chairman, the equal employment unit or directorate will have the resources that are now in the office of native employment and will be doing some recruiting. We anticipate that within the limits of the financing that we have this year that we will be adding people, either directly to this unit, or in a regional sense to Personnel, who will be working directly as counsellors in the regions to work with native people to make life easier for them on making application for work, counselling them on getting positions and counselling them once they have positions. So, we are, as I say, within certain fiscal restraints, putting together a unit that we are certain will work.

CHAIRMAN (Mr. Wah-Shee): Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. I was under the impression that this equal employment unit would be comprised of maybe native organizations and government employees, but I guess that is not the case. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Chairman, just to indicate that the equal opportunity directorate may not be comprised of native organizations but certainly the affirmative action advisory committee could include the native organizations.

CHAIRMAN (Mr. Wah-Shee): Thank you, Mr. Minister. Mrs. Lawrence.

Policy Is Not Adequate

MRS. LAWRENCE: Mahsi cho. Thank you, Mr. Chairman. All due respect to the Department of Personnel, I feel the policy is very weak. I have very little faith in it until I see some results and some changes made in that department. I guess it is better than nothing to put \$250,000 for affirmative action but seriously that is not going to go very far when it comes down to a program

in the whole of the Northwest Territories. According to the statistics that we have in front of us, the native employment in different departments and levels, it is very sad. To think that we have all kinds of training programs within the department and there is not too much native employment involved in some departments, even according to the regions. The hospital and the health transfer to Baffin does not increase native employment at all and I am sorry some of my colleagues are not here from that area. I am sure they would have something to say about it. Under the Hay Plan, just look at the percentage of native employment -- eight per cent. It is a joke. I would like somebody to explain to me the native employment pay level. What does that mean? It is under nine and 13. I do not understand that. Can someone explain that to me, please? It seems higher than the others.

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Chairman, I believe that is the indication of the pay levels and maybe I could ask Mr. Parker or Mr. Bowyer to respond further to that.

CHAIRMAN (Mr. Wah-Shee): Mr. Parker.

COMMISSIONER PARKER: Mr. Chairman, I think Mrs. Lawrence is speaking of the charts that were distributed and what those charts indicate, of course, is that, for instance in the pay ranges nine to 13, in that total number of ranges, 14 per cent of the people in those pay ranges are native people and 86 per cent are non-native. What the charts indicate of course is exactly the point that has been raised that there are not as many native people in these jobs as there should be and that they tend to occupy the lower priced jobs. That, to a great extent, of course, is a result of the ongoing requirement for training and for education and experience. Fortunately, those percentages are coming up. You will see that in the category of apprentices and trainees that 55 per cent of the employees in those categories are native people and therefore, clearly, the training dollars are being spent in that direction.

If I could, one other comment that was made earlier on the total resources being made available to the office of native employment or the equal employment directorate which will come into being, this budget does not reflect in total all of the money that will be assigned to that office. We will have to be making some corrections and additions through supplementary appropriation but again, it is not the fault of the Department of Personnel for having a low budget in this area. I guess it is just the way in which the Executive Council has found it necessary to divide the budget. But clearly, the Executive Council's intention to enhance the spending in that area has been made clear by adding \$250,000 and by transferring certain other resources into the control of that unit. Those transfers, if they are not reflected in here, will be reflected in supplementary appropriation.

CHAIRMAN (Mr. Wah-Shee): Mrs. Lawrence.

MRS. LAWRENCE: Thank you, Mr. Chairman. When do we expect to see the affirmative action completed?

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

Program Will Be Ongoing

HON. RICHARD NERYSOO: Mr. Chairman, probably never in the sense that it will be an ongoing program. I must say that we made a three-year commitment and that announcement was made in November. We would also be dealing, as I indicated as well, with the question of an affirmative action program for women and the handicapped in 1986 so we are in the process of developing those particular policies at the moment and hopefully in the 1986-87 budget we will be dealing with that. But it is an ongoing program and we have a three-year commitment and that announcement I made as I said in November. That does not mean it is going to end there. I believe that the policy, as long as it is part of government policy, will give ongoing commitment to ensuring that we have improved employment opportunities in government for native people.

CHAIRMAN (Mr. Wah-Shee): Thank you, Mr. Minister. Mrs. Lawrence.

MKS. LAWRENCE: Thank you, Mr. Chairman. I do not understand the comment you made Mr. Minister, never. If I felt there was never going to be a change made I would not be sitting here. I think with that kind of attitude -- it is no wonder we have just three per cent native employment in Stanton hospital. Of all the hospitals in the Territories, they have three per cent native employment. Thank you.

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Chairman, I just want to correct an impression that the Member has. She asked me how long or when would the program end, I said, "Probably never, because it is an ongoing program." One should never say that it is going to end three years from now because the reality is we have a lot of work to do. Now, if that is the impression that she is getting then I apologize for the comment I made. But I would just like to say that I am happy to have been part of developing the native employment policy because there has never been a native employment policy in the Government of the Northwest Territories. I am happy about that and I am happy about the fact that we are committing ourselves to a priority with, of course, the assistance and support of my Executive Council colleagues. So the reality is that we now have a commitment. We now have a policy and the next thing to do is to implement the policy. The longer we debate the issue of whether or not the policy is going to work and not allow it to work, then we will never find out whether or not we will be or are going to be successful. So in that sense, I believe that we are going to be successful and I believe that we are going to do a better job with the recruitment of native people.

The suggestion and the comments you made with regard to people in three per cent -- or in the Hay Plan section. Well, I hope that our career planning program which is part of the policy, will ensure that we hire and in fact train people to take on those responsibilities. So in that sense I am happy to be here and happy to be addressing this particular policy because there has been none.

CHAIRMAN (Mr. Wah-Shee): Thank you, Mr. Minister. Mrs. Lawrence.

MKS. LAWRENCE: Thank you, Mr. Chairman. Perhaps I should have had that translated into a native language. Thank you.

HON. RICHARD NERYSOO: She does not understand Loucheux.

CHAIRMAN (Mr. Wah-Shee): Order please. I will recognize the clock at this time. Thank you. I would like to thank the Minister and the witnesses.

MR. SPEAKER: Order please. Mr. Wah-Shee.

ITEM 16: REPORT OF COMMITTEE OF THE WHOLE

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

MR. WAH-SHEE: Mr. Speaker, your committee has been considering Bill 7-85(1), Appropriation Act, 1985-86, and wishes to report progress. Bill 3-85(1), Bill 9-85(1) and Bill 10-85(1) are recommended for further consideration in committee of the whole.

Motion To Accept Report Of Committee Of The Whole, Carried

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

MR. SPEAKER: Thank you, Mr. Wah-Shee. Members have heard the report of the chairman of the committee of the whole. Are you agreed?

SOME HON. MEMBERS: Agreed.

---Carried

MR. SPEAKER: I understand there is a request for unanimous consent to go back to motions. Mr. T'Seleie.

MR. T'SELEIE: Mr. Speaker, I would like unanimous consent to return to notices of motion.

SOME HON. MEMBERS: Agreed.

MR. SPEAKER: Unanimous consent is being requested. Are there any nays?

HON. NELLIE COURNOYEA: Nay.

HON. GORDON WRAY: Nay.

MR. SPEAKER: No unanimous consent. We will proceed with announcements. Announcements from the floor. Mr. Nerysoo.

HON. RICHARD NERYSOO: Mr. Speaker, just to indicate and to congratulate my colleague opposite, Mr. Wah-Shee, on behalf of his colleagues in this House, for in our absence he became a father again.

---Applause

MR. SPEAKER: Congratulations then are in order. Congratulations, Mr. Wah-Shee. Are there any further announcements from the floor? Mr. Clerk, announcements and orders of the day, please.

CLERK OF THE HOUSE (Mr. Hamilton): Announcements, Mr. Speaker. There will be a meeting of the standing committee on finance at 10:00 a.m. tomorrow morning.

ITEM 17: ORDERS OF THE DAY

Orders of the day for Thursday, March 14th at 1:00 p.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: Motion 10-85(1)
13. First Reading of Bills
14. Second Reading of Bills
15. Consideration in Committee of the Whole of Bills and Other Matters: Bills 7-85(1), 3-85(1), 9-85(1), 10-85(1)
16. Report of Committee of the Whole
17. Orders of the Day

MR. SPEAKER: Thank you, Mr. Clerk. This House stands adjourned until Thursday, March 14th at 1:00 p.m.

---ADJOURNMENT

Available from the
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