



LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

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

# LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

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YELLOWKNIFE, NORTHWEST TERRITORIES

TUESDAY, FEBRUARY 25, 1986

MEMBERS PRESENT

Mr. Angottitauruq, Mr. Appaqaq, Mr. Arlooktoo, Hon. Michael Ballantyne, Hon. Tom Butters, Ms Cournoyea, Hon. Tagak Curley, Mr. Erkloo, Mr. Gargan, Mrs. Lawrence, Mr. MacQuarrie, Mr. McCallum, Hon. Bruce McLaughlin, Mr. Nerysoo, Mr. Paniloo, Hon. Dennis Patterson, Hon. Red Pedersen, Mr. Pudluk, 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 Tuesday, February 25th.

Item 2, Members' replies. There do not appear to be any Members' replies for today. Item 3, Ministers' statements. Mr. Pedersen.

ITEM 3: MINISTERS' STATEMENTS

Minister's Statement 4-86(1): Proposed Environmental Legislation

HON. RED PEDERSEN: Thank you, Mr. Speaker. The Department of Renewable Resources believes that an opportunity exists to pass legislation that would expand the Government of the Northwest Territories role in the field of environmental management. By taking this opportunity we could accomplish two key objectives for our government. First, increased participation in this field will make the delivery of environmental programs by the territorial government more efficient. Working arrangements with federal agencies would be made clear, thus simplifying private sector initiatives. Effective environmental controls would be made. Second, this opportunity will make our government's review of northern resource development policies and specific development projects more meaningful. This would be a key element of the overall GNWT strategy to strengthen our government's role in resource development decision making.

It is proposed to enter the environmental field in three ways:

1) To streamline the territorial government's handling of environmental protection and environmental management by providing a "one-window" approach within the Department of Renewable Resources. This is an internal GNWT decision and, based on reasons of efficient and effective delivery of relevant programs, this change should be proceeded with immediately. It would expand the public's view of the department by having the word "environment" incorporated in the name.

2) A second key element in the strategy is to prepare legislation to assume typically provincial areas of responsibility in environmental management. This legislation would include air quality, hazardous substance control, transportation of dangerous goods, pesticide legislation and increased attention to solid waste and litter control.

3) The final element of our strategy is to continue planning, with the benefit of the experience gained through the changes we will carry out in 2) above, for full constitutional change toward gaining the remaining provincial-type responsibilities in this field with appropriate changes to the Northwest Territories Act.

Five pieces of legislation are proposed: 1) Transportation of Dangerous Goods Act; 2) Hazardous Substances Control Act; 3) Air Quality Act; 4) Solid Waste and Litter Control Act; and 5) Pesticide Control Act. The long-term plans envision legislation regarding water quality and an environment conservation act. Water quality legislation will depend on the results of discussions with the federal government. The environment conservation act could serve as a core around which the above-mentioned legislation could be linked. This act would further strengthen the territorial government's role in all matters related to the environment.

I would appreciate your thoughts and assistance in the preparation of this new and important legislation. The legislation and House planning committee has tentatively scheduled this legislation for the fall session, 1986. Mr. Speaker, I will be tabling the proposed legislation under tabling of documents. Thank you.

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

Minister's Statement 5-86(1): Municipal Liability

HON. GORDON WRAY: Thank you, Mr. Speaker. I have a statement to make concerning the anticipated problems we may have with municipal liability as it pertains to the major increase in insurance rates we have seen in southern Canada. Liability insurance premiums in some jurisdictions have risen dramatically in recent months. Some increases have been as high as 500 to 600 per cent. The cause for these increases has been cited by some insurance industry officials as being high awards made by the courts. However, other bodies such as the Trial Lawyers Association of British Columbia dispute this and claim that this situation is not so, given that there has been a 50 per cent average increase in the value of insurance company shares and the increases are more likely due to poor management and poor investment practices. At a meeting of provincial and national superintendents of insurance held in Toronto on February 6th, 1986, some industry officials felt that the situation is a combination of factors and accepted that the insurance companies are at least partially responsible.

The main agent for municipal insurance in the NWT is the NWT Association of Municipalities, which markets municipal liability insurance on a group basis on behalf of the municipalities. They have some concerns because of premium rate increases in other jurisdictions. The association as yet has not determined the extent of the problem or if indeed there is one. The association expects to have some clear indication of possible increases when they review the responses to their marketing in Edmonton on the 6th and 7th of March, 1986.

The Beaufort/Delta regional council recently passed a resolution requesting this government to enact sweeping legislation to limit liability of municipalities. This has been discussed as a possible solution in other jurisdictions but it is not known that any of them have proposed or enacted the legislation. There are difficulties with this approach as the courts often make large settlements despite this type of limiting legislation. In this area, legal opinions are needed to determine the feasibility of this approach.

Manitoba is proposing the establishment of a self insurance pool whereby the municipalities as a group assume liability costs resulting from litigation. Ontario has directed insurers, in that province, to pool and provide insurance to municipalities who normally would not be provided with liability insurance. Cost, however, is not an issue in this situation. This approach simply ensures that municipalities can acquire the appropriate coverage. Alberta has formed a committee composed of their superintendent of insurance, municipal affairs officials and representatives of municipal associations to study the problem and make recommendations to resolve it. We have been in contact with Alberta municipal affairs and they have agreed to provide us with any information on possible solutions they may acquire.

The Yukon Association of Municipalities recently renegotiated their group insurance plan with relatively few problems, with a 20 per cent average increase in premiums to all municipalities, except Whitehorse, which experienced a 500 per cent increase. There is little doubt that there is or most certainly will be a problem in the Northwest Territories. The extent and nature of the problem is not clear at this stage.

I have directed my officials to consult with officials of the Department of Finance risk management group, the Department of Justice, the superintendent of insurance and the NWT Association of Municipalities and study the situation and report to me as soon as possible. Some areas where



recommendations may be made are: 1) legislation to limit liability; 2) formation of a pooling arrangement by municipalities, either on their own or under some sort of GNWT sponsorship; 3) the GNWT be the insurer; 4) municipalities acquiring insurance through the GNWT's broker; and/or 5) there may be other methods of solving the problem.

I intend to maintain a close watch on the situation and report any significant events or changes in the situation over the next six weeks. I cannot, however, identify an immediate solution to this matter. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Minister. I note that we have four honoured guests in the gallery. Mr. Mike Lenton, Mayor of Pine Point; Mr. John Pollard, Mayor of Hay River; Mrs. Sorensen, a former colleague; and Larry Tourangeau, President of the Metis Association. Welcome to this House.

---Applause

Ministers' statements. Mr. Sibbeston.

Minister's Statement 6-86(1): Death Of Tommy Douglas

HON. NICK SIBBESTON: Mr. Speaker, I would like first of all to pay a brief tribute to Mr. Tommy Douglas...

AN HON. MEMBER: Hear, hear!

---Applause

HON. NICK SIBBESTON: ...a former NDP Leader in Canada, who died yesterday at his home. Mr. Douglas is known throughout Canada as being a great humanitarian and, as Premier of Saskatchewan, was responsible for the first government to bring in medicare and a host of other innovative social programs. I will be sending a message of condolence on behalf of all the Members here to Mr. Douglas' family.

Minister's Statement 7-86(1): Crash Of Cruise Missile

Mr. Speaker, I would like to make a statement with respect to the crash of the cruise missile which occurred this morning in the Beaufort Sea area. At approximately 7:30 a.m. today, February 25th, 1986, the engine on an unarmed cruise missile failed to start when launched from a United States B-52 bomber aircraft over the Beaufort Sea. The missile fell to the sea ice north of Herschel Island and a US/Canadian search and recovery team has been sent to the area from Cold Lake, Alberta. I have been informed that the cruise missile is approximately the size of a Cessna 172 aircraft and uses JP9-type jet fuel, which would probably vapourize upon impact with the ice.

The Department of National Defence, Northern Region Headquarters, has kept me and our government fully informed of events to this moment and will continue to provide information as the rescue mission is completed.

I have also sent a telex of concern to the Prime Minister and I will read it. "Dear Mr. Mulroney, Prime Minister of Canada: The crash of the cruise missile into the Beaufort Sea today, confirms that the fears expressed by this government on many occasions in the past are clearly justified. We must, again, protest the use of the Mackenzie corridor and the Beaufort Sea as a military testing area and strongly urge that the Government of Canada secure assurances from the Government of the United States that all testing will cease..."

AN HON. MEMBER: Hear, hear!

HON. NICK SIBBESTON: "...until such time as the safety of the people of the Northwest Territories and the protection of the fragile northern environment can be guaranteed. We urge your prompt attention to this matter of deep concern to the government and people of the Northwest Territories. Yours truly," signed by myself as Government Leader.

---Applause

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

Minister's Statement 8-86(1): Contamination Of Drinking Water, Grise Fiord

HON. NICK SIBBESTON: Mr. Speaker, one last matter concerning drinking water contamination in Grise Fiord. The construction crew in Grise Fiord, which is repairing damage to the co-op and local hotel have suffered as a result of drinking contaminated water. Apparently, what happened was that some ethyl glycol got into the water, used primarily by the construction crew in Grise Fiord. And as a result, I believe 21 people have been evacuated to Frobisher Bay to receive medical attention. It is believed that most of these people, 18 of them, are construction workers and only two local people from Grise Fiord have been affected. We will be monitoring the situation and as more information becomes available we will be advising the House and Assembly Members.

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

Minister's Statement 9-86(1): Opportunities Canada

HON. TAGAK CURLEY: Thank you, Mr. Speaker. I am pleased to announce that members of the private sector and my department will be taking part in the Opportunities Canada conference, March 11, 12 and 13 in Toronto. This conference brings together over 1500 foreign investors who are interested in both joint ventures and the establishment of new businesses in Canada. This particular event is organized by the Minister of DRIE, the Hon. Sinclair Stevens.

Our aim in participating in Opportunities Canada is to make it easier for NWT business people to meet with international investors and to learn more about how they can profit in international markets. I am having a glossy brochure developed which will show what the NWT has to offer to foreign investors. A copy of this brochure will be provided to each Member in early March. We have to do a selling job on the advantages of foreign businesses becoming involved in the NWT and as you know there is tough competition from the rest of Canada.

Our new display and booth, as well as our representatives at Opportunities Canada, mark the beginning of our active involvement in the international market place. Mr. Speaker, I believe that our attendance at Opportunities Canada is an important and potentially very lucrative step in the right direction and I intend to put more emphasis on promotion of NWT products abroad. I am also assisting NWT businesses to get their message across to foreign audiences and to promote the NWT as a good place for foreigners to do business. Thank you.

MR. SPEAKER: Thank you, Mr. Minister. Ministers' statements. Item 4, oral questions. Mr. Pudluk.

ITEM 4: ORAL QUESTIONS

Question 88-86(1): Status Of Patients Evacuated From Grise Fiord

MR. PUDLUK: (Translation) Thank you, Mr. Speaker. I would like to ask the Government Leader, what is the effect on the people that drank contaminated water? We know that there had to be two planes to medivac these people that were contaminated -- I think it was roughly eight to nine hours before they reached Frobisher. What is the situation over there? Thank you.

MR. SPEAKER: That is a technical medical question. I do not know if there is anybody here that can answer that. Mr. Minister.

Return To Question 88-86(1): Status Of Patients Evacuated From Grise Fiord

HON. NICK SIBBESTON: Mr. Speaker, as indicated earlier in my statement I said that I would keep the Members aware of the outcome of that serious situation in Grise Fiord and I would ask the Member to simply be patient with us. At the moment we are in the course of getting information from the hospital in Frobisher Bay. As the day goes along when we have information I will ask permission to return and provide an answer to the Members so that they can be kept informed.

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

Question 89-86(1): Special Tags For Polar Bear

MR. ERKLOO: (Translation) Thank you, Mr. Speaker. My question is directed to the Minister of Renewable Resources. There were special tags for hunting polar bear near Arctic Bay and people from Pond Inlet and Arctic Bay were allowed to hunt there. However, those tags have now moved to Pond Inlet and Arctic Bay. In other words, Inuit can hunt polar bear around each community.

Hall Beach people want to know whether or not it is possible to get some of these tags.

MR. SPEAKER: Mr. Minister.

Return To Question 89-86(1): Special Tags For Polar Bear

HON. RED PEDERSEN: Thank you, Mr. Speaker. I want to thank the Member for previous notice. The special polar bear red tags in Pond Inlet and Arctic Bay were given to those communities after studies showed that quota increases were safe in those areas. In the fall of 1984, similar studies began in the southern Foxe Basin out of Coral Harbour. These studies will continue this year. We will also be working further north, up the west side of Baffin Island. The purpose of those studies is to find out how many bears are in Foxe Basin and how productive they are. Work of this kind usually takes from three to five years to complete but given the size of Foxe Basin it may take a little longer. Once the studies are completed and if they show the population is healthy, more tags may be made available. At this time, however, we are not able to increase the quotas in the Hall Beach and Igloodik area. Thank you.

MR. SPEAKER: Thank you, Mr. Pedersen. Oral questions. Mr. Richard.

Question 90-86(1): Tabling Of Discussion Paper

MR. RICHARD: Thank you, Mr. Speaker. My question is for the Minister of Aboriginal Rights and Constitutional Development. Mr. Speaker, I simply would ask if the Minister could advise us when the Assembly might be seeing the discussion paper which the Minister indicated he would table this session. I appreciate, Mr. Speaker, that none of us knows when the session might end but I would like to know if we are going to see the discussion paper in time before the end of the session so that we might perhaps, in committee of the whole, discuss the Minister's paper. Thank you.

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

Return To Question 90-86(1): Tabling Of Discussion Paper

HON. DENNIS PATTERSON: Thank you, Mr. Speaker. Work on preparing the discussion paper for presentation to the Assembly is well advanced. It has been under way for some six months at least and I am confident that it can be presented to the Assembly well in advance of the end of the session. It is certainly not our intention to present it near the end. Thank you.

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

Question 91-86(1): Location Of Tank Farm, Gjoa Haven

MR. ANGOTTITAUURUQ: Thank you, Mr. Speaker. My question will be directed to the Minister of Government Services. A while back in Gjoa Haven the hamlet has been complaining about the tank farm being too close to the residential area. I just received a call yesterday that the hamlet does not know when there might be some work on that. The closest tenant to the tank farm is thinking of moving for health reasons and fear of the tanks leaking. I would like to know if there is going to be any work done in the future on that particular tank farm in Gjoa Haven? Thank you.

MR. SPEAKER: Thank you. Mr. Minister.

HON. TOM BUTTERS: Mr. Speaker, I would like to take the question as notice and report at a later date to the honourable Member and the House.

MR. SPEAKER: Question is being taken as notice. Thank you. Oral questions. Mr. Gargan.



Question 92-86(1): Follow-Up To Motion 4-83(2), Testing Of Cruise Missile In Canada

MR. GARGAN: Thank you, Mr. Speaker. I would like to direct my question to the Government Leader concerning the testing of the cruise missile. In the fall session of 1983, in September there was a motion passed opposing the testing of the cruise missile. I do not know what the implications of that motion were but the Ninth Assembly did take a position against the testing of the cruise missile. I would like to ask the Minister whether there was ever any follow-up with regard to that particular motion and what was the federal government's position at that time with regard to this particular motion?

MR. SPEAKER: Mr. Minister.

Return To Question 92-86(1): Follow-Up To Motion 4-83(2), Testing Of Cruise Missile In Canada

HON. NICK SIBBESTON: Mr. Speaker, I am tempted to take the question as notice but I will answer the best I can. As I recall a message was sent to the federal government, once that motion had been made. The matter of cruise missile flights over the Northwest Territories is a matter that the federal government decided on its own without much consultation with the people of the Northwest Territories. The matter of testing of cruise missiles is a matter of national security and possible defence of the country. So it is a matter that the federal government has sole jurisdiction, responsibility over, and in these matters our government is not consulted and our advice or our position is obviously not taken into great consideration.

Since the letter or message had been sent to the federal government a number of years ago, I am not aware of any further correspondence or messages by our government until I sent the message today.

MR. SPEAKER: Thank you, Mr. Minister. Oral questions. That appears to conclude oral questions for today. Item 5, written questions. Mr. Nerysoo.

ITEM 5: WRITTEN QUESTIONS

Question 93-86(1): Land Exploration Program

MR. NERYSOO: Thank you, Mr. Speaker. I have a written question that I wish to direct to the Minister of Energy, Mines and Resources. After reviewing the return to oral Question 6-86(1) that I asked the Minister of Energy, Mines and Resources, there are two very important elements that are raised in the return: 1) development of procedures that will result in the release of lands for exploration; 2) development of a proposal for GNWT management of the benefits associated with the exploration program. From this, I have the following questions. 1) Is the Minister prepared to consult with the regional councils, development impact zone groups and the affected native organizations? 2) Can the Minister indicate and clarify the consultative process being used or to be used by the Energy, Mines and Resources Secretariat in developing the government's position on these two important elements?

MR. SPEAKER: Thank you, Mr. Nerysoo. Written questions. That appears to conclude written questions for today. Item 6, returns. Mr. Curley.

ITEM 6: RETURNS

Return To Question 74-86(1): Natsiq Sewing Centre Funding

HON. TAGAK CURLEY: (Translation) Question 74-86(1) was asked by Mr. Arlooktoo, February 20, 1986, on the Natsiq Sewing Centre in Cape Dorset. The sewing group is seeking financial assistance through Special ARDA. The proposal to Special ARDA is being prepared with the assistance of regional staff from my department. My staff are awaiting information from the suppliers about the cost of equipment the group hopes to purchase and information about the market potential for what they wish to produce. Once this information is obtained, the proposal will be ready for submission to the Special ARDA board for approval. We expect it to be presented to the board meeting at the end of March.

MR. SPEAKER: Thank you, Mr. Minister. Returns. Mr. Sibbeston.

Return To Question 38-86(1): Official Languages Of The NWT

HON. NICK SIBBESTON: Mr. Speaker, I have a return to Question 38-86(1), asked by Mr. Nerysoo, regarding the official status of aboriginal languages. On February 17, Mr. Nerysoo asked a number of questions regarding the implications of raising aboriginal languages to official status in the NWT. I would like to confirm that the government remains committed to pursuing this initiative. I have sought legal opinions from a number of constitutional experts, who specialize in questions related to official languages. Although these legal opinions have not yet all been received, and our own Justice department must still complete its analysis, I can inform the Member that a preliminary review indicates that there is indeed a constitutional basis to permit our government to raise the status of aboriginal languages to official languages of the Northwest Territories.

There appears to be no limit to the status granted languages other than English and French so long as the status of these two languages, French and English, are not impaired. As well, territorial governments are granted the same rights as provinces to deal with all language matters affecting their own jurisdiction. Clearly these powers cannot be extended so as to bind the federal government to treat aboriginal languages in the same way that they would treat French and English. Although the Hon. Benoit Bouchard, Secretary of State of Canada, has been very sympathetic to our goals and co-operative in helping us to reach them, he is not able to commit the federal government to recognizing aboriginal languages as official.

It will be necessary to define in legislation, what precisely is involved in granting official status to official languages. In this matter we will be guided by the legal opinions we have sought and by the recommendations of the task force on aboriginal languages, when they give us their report in the next few weeks. The report will be tabled later in this session and Members will have an opportunity to discuss the recommendations. I do not believe the obligations placed on the business community and other organizations in the NWT, by raising aboriginal languages to official status, will be any greater than those created by the adoption of French as an official language by the Government of the Northwest Territories.

It is the intention of the government to introduce appropriate legislation during the life of this Assembly, to raise aboriginal languages to official status. In terms of the implementation, we look to doing this at the same time that French is given official status, three years from now.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you, Mr. Sibbeston. Returns. Are there any further returns for today? Mr. Sibbeston.

Return To Question 73-86(1): Severance Pay Policy For Government Employees

HON. NICK SIBBESTON: Mr. Speaker, I have a return to a question asked by Mrs. Lawrence on February 20, 1986, concerning severance pay policy for government employees. Mr. Speaker, the return is a two page document and fairly detailed. I would ask if this could be simply accepted and the Members will have a chance to read it at their leisure when they have more time, rather than reading the detailed document.

MR. SPEAKER: Thank you. We will accept it at this time and will have it circulated. Are there any further returns for today?

Item 7, petitions.

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

ITEM 9: TABLING OF DOCUMENTS

HON. MICHAEL BALLANTYNE: Mr. Speaker, I wish to table the following document. Tabled Document 22-86(1), The Third Annual Report, the Northwest Territories Law Foundation for fiscal year ending June 30, 1985.

MR. SPEAKER: Thank you, Mr. Minister. Tabling of documents. Mr. Pedersen.

HON. RED PEDERSEN: Thank you, Mr. Speaker. I wish to table the following document: Tabled Document 23-86(1), Statement of Intent, Proposed Environmental Legislation, Department of Renewable Resources, GNWT, in English and Inuktitut. This is the paper that I referred to earlier, Mr. Speaker.

MR. SPEAKER: Thank you, Mr. Minister. Tabling of documents. Mr. Appaqaq.

MR. APPAQAQ: (Translation) Thank you, Mr. Speaker. Tabled Document 24-86(1), Motion by Sanikiluaq Hamlet Council, February 4, from their meeting concerning aircraft fuel, and a letter to me on this.

MR. SPEAKER: Thank you, Mr. Appaqaq. Tabling of documents. Mr. Pedersen.

HON. RED PEDERSEN: Thank you, Mr. Speaker. I wish to table the following document: Tabled Document 25-86(1), Membership and Terms of Reference for the NWT Land Use Planning Commission, in English and Inuktitut.

MR. SPEAKER: Thank you, Mr. Minister. Tabling of documents. That appears to conclude tabling of documents for today. Item 10, notices of motion. Mr. Richard.

ITEM 10: NOTICES OF MOTION

Notice Of Motion 8-86(1): Tax Collection Agreement

MR. RICHARD: Thank you, Mr. Speaker. I give notice that on Thursday, February 27, I will move the following motion: That this Legislative Assembly recommend to the Executive Council and to the Government of Canada, that the present tax collection agreement between the GNWT and the Government of Canada, as well as the federal income tax regulations, be amended to provide for a more equitable allocation of personal income tax to the province or territory where the income was earned. Thank you.

MR. SPEAKER: Thank you, Mr. Richard. Have you a seconder for that motion at this time, Mr. Richard?

MR. RICHARD: Sorry, Mr. Speaker. The seconder is the honourable Member for Slave River.

MR. SPEAKER: Thank you. Notices of motion.

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

Item 12, motions. We have none on the list for today.

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 1-86(1), Appropriation Act, 1986-87; Bill 3-86(1), Institute of Chartered Accountants Act; and Bill 7-86(1), Official Languages Act; with Mr. Wah-Shee 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 1-86(1), APPROPRIATION ACT, 1986-87

Department Of Local Government

CHAIRMAN (Mr. Wah-Shee): The committee will come to order. I would like to ask if the Minister would be interested in bringing witnesses before the committee.

HON. GORDON WRAY: Yes, Mr. Chairman, I would.

CHAIRMAN (Mr. Wah-Shee): Does the committee agree?

SOME HON. MEMBERS: Agreed.

---Agreed

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I have with me Mr. Al Menard, deputy minister of Local Government and Mr. Joe Kronstal, director of finance and administration.

CHAIRMAN (Mr. Wah-Shee): Thank you. We are dealing with the Department of Local Government, dealing with the capital estimates. Are there any general comments from Members of the committee on the capital? Does the committee agree that we go into the capital detail?

SOME HON. MEMBERS: Agreed.

---Agreed

Detail Of Capital

Community Planning And Development

Buildings And Works, Total Capital

CHAIRMAN (Mr. Wah-Shee): We are on page 10.08, detail of capital. Community planning and development, buildings and works, total headquarters, \$700,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Fort Smith, \$1,819,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Inuvik, \$3,945,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Baffin, \$7,422,000. Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. Mr. Chairman, a matter of disclosure of detail to the committee. I notice on these pages for the capital projects, for instance in the Baffin that we are discussing right now, Mr. Chairman, under land development, various, \$3,897,000. Mr. Chairman, I can appreciate that the officials who put these documents together have to lump small projects perhaps under some miscellaneous title, or I believe it is called "various". I have some difficulty, however, with the fact that we put so much detail into, for example the \$20,000 for the expansion of the fire hall in Lake Harbour in line one, but yet when this committee is being asked to authorize an expenditure of \$3.9 million for land development I would expect, Mr. Chairman, that the committee would be getting a little more detail than that. Baffin is a large region. There are a lot of communities there.

Similarly over on the next page, under Keewatin, there is a figure of a magnitude of \$1,681,000, which simply says "various". I am wondering, Mr. Chairman, if this Minister would not agree that more detail might be more beneficial for the committee. Mr. Chairman, the same figures in the same miscellaneous category were provided in January to the standing committee on finance and perhaps if the detail was provided there, it would not be necessary to put it in these committee of the whole documents. I am wondering, Mr. Chairman, if the Minister might have a comment on that suggestion. Thank you.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. We are not responsible for putting together the budget document. However, we have no problem in providing the detail and the breakdown to the standing committee on finance in its review if that would make things easier.



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

MR. RICHARD: Well, Mr. Chairman, then I guess I am asking, if the Minister's department is not responsible for putting together the SCOF documents or the main estimates documents but he has the information, could he provide the information to those who are responsible for preparing the SCOF documents and the main estimates documents and that might alleviate the problem? Thank you.

CHAIRMAN (Mr. Wah-Shee): Total Baffin, \$7,422,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Keewatin, \$3,368,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Kitikmeot, \$1,477,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total buildings and works, \$18,731,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital

CHAIRMAN (Mr. Wah-Shee): Equipment acquisition, total Fort Smith, \$328,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Inuvik, \$407,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Baffin, \$635,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Keewatin, \$767,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Kitikmeot, \$339,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total equipment acquisition, \$2,476,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Contributions, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Contributions, total headquarters, \$4,270,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Inuvik, \$40,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Baffin, \$50,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total contributions, \$4,360,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Community Planning And Development, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total community planning and development, \$25,567,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Lands, Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Lands, buildings and works, total headquarters, \$200,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total lands, \$200,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Community Airports

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Community airports, buildings and works, total headquarters, \$300,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Fort Smith, \$190,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

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

MRS. LAWRENCE: Thank you, Mr. Chairman. Back to Fort Smith, airport improvements, \$190,000. Does that include Snowdrift?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. No, the Snowdrift amount is contained within the \$300,000 that is allocated to headquarters for airport facilities improvements program.

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

MRS. LAWRENCE: Thank you for the clarification. I just felt there was not enough money in that last figure.

Community Airports, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total community airports, \$490,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Sport And Recreation

Buildings And Works, Total Capital

CHAIRMAN (Mr. Wah-Shee): Sport and recreation, buildings and works, total headquarters, \$60,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Total Fort Smith, \$2,175,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Total Inuvik, \$1,825,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Baffin, \$210,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Keewatin, \$325,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Kitikmeot, \$950,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total buildings and works, \$5,545,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Equipment acquisition, total headquarters, \$20,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total equipment acquisition, \$20,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Contributions, Total Capital

CHAIRMAN (Mr. Wah-Shee): Contributions, total headquarters, \$165,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Fort Smith, \$40,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Inuvik, \$37,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Baffin, \$20,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed



CHAIRMAN (Mr. Wah-Shee): Total Kitikmeot, \$600,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Contributions, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total contributions, \$862,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Sport And Recreation, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total sport and recreation, \$6,427,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Total department, \$32,684,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Capital Recoveries

CHAIRMAN (Mr. Wah-Shee): Any questions on capital recoveries?

Distribution Of Budget

On distribution of budget? Does the committee agree that this department is concluded?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): I would like to thank the Minister and the witnesses.  
Thank you.

Highway Transport Board

I would like to ask the Minister responsible for the Highway Transport Board if he wishes to introduce this to the committee. Before you begin, I would like to inform the Members that the Highway Transport Board is on page 2.10 and it is under the Executive Council Secretariat. With that I would like to ask the Minister if he would care to make opening remarks to the committee.

Minister's Opening Remarks

HON. GORDON WRAY: Thank you, Mr. Chairman. I just have a few opening comments. The budget for the Highway Transport Board falls within the Executive Council Secretariat and I am the Minister responsible for the board. The Highway Transport Board is a regulatory agency and operates pursuant to the Public Service Vehicles Act and its regulations. The board regulates approximately 300 trucking companies at any given time in the for-hire segment of the industry. The board activity has been increasing over the past several years, which is a direct result of an economic slow-down in the provinces and a steady increase in activity in the Beaufort and Mackenzie Valley.

Workload for the board is broken down into applications for new operating authorities, amendments to the existing authority, transfers, sales and renewals. Two-phase public hearings are held to

speak to general objected-to applications, appeals and show-cause proceedings. On an average the board convenes in various NWT locations one week out of every month. The board chairman, Mr. John Hill, from Inuvik, was to be with me today. However, other commitments have resulted in his being unable to attend. The board is made up of five publicly appointed members with a staff of four public servants. These GNWT employees are split equally between this board and the Public Utilities Board under Mr. Curley. The new budget is also a split budget between the two boards, although it is reflected as a total figure for our purposes during this Assembly.

This year, 1986, will find the NWT continuing to participate in the changes taking place in the regulatory process across Canada as a result of the call for change from the federal government and Mr. Mazankowski's freedom to move a white paper. This has brought changes in territorial regulation, in administration policy regulations and pending legislation. The board is extremely active in this process and although there may appear to be a lessening of regulatory control in Canada, the board will maintain its mandate to protect and stabilize the northern trucking industry. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Wah-Shee): Thank you. Any general comments? Mr. McCallum.

MR. McCALLUM: Thank you, Mr. Chairman. Just one question. Since the Highway Transport Board is part of the Executive Council Secretariat and we are just dealing with that, perhaps we could have the Minister isolate the amount of money and the person years that are in here. It is very difficult for us to approve the budget for this particular board since it is not detailed. We are not dealing with the whole Executive Council Secretariat at this time, Mr. Chairman. We are just dealing with one part of it.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. It is contained in the SCOF document on page 2.20 and the breakdown is: salaries, \$171,000; casual wages, \$6000; other O and M, which provides for the operation of the board, \$201,000, for a total of \$378,000; four PYs; 0.2 casual PYs and revenue of \$108,000.

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

MR. McCALLUM: That is for both the Highway Transport and the Public Utilities Boards?

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

HON. GORDON WRAY: Correct, Mr. Chairman.

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

MR. RICHARD: Mr. Chairman, I wonder if the Minister could just repeat the last portion of his opening statement. I thought I heard him say that Mr. Mazankowski's paper has brought a change in the Territories in regulations, policy and in preparation of legislation, but that cannot be correct. I wonder if the Minister could repeat that? Thank you.

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

HON. GORDON WRAY: Sorry, Mr. Chairman. In my statement I said this has brought changes in territorial regulation and administration policy regulations and pending legislation.

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

MR. RICHARD: Well, then, Mr. Chairman, I did hear correctly. What are the changes that have been made since Mr. Mazankowski's white paper came out?

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

HON. GORDON WRAY: Mr. Chairman, I wonder if at this point I could ask for a witness to come into the committee.

CHAIRMAN (Mr. Wah-Shee): Does the committee agree?

SOME HON. MEMBERS: Agreed.

---Agreed

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I have with me Mr. Dale Thomson, the executive director for the Highway Transport Board, and perhaps I will get him to respond to Mr. Richard's question.

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

MR. THOMSON: Thank you, Mr. Chairman. The memorandum of understanding as agreed to by all federal, territorial and provincial Ministers in February 1985, and the resulting white paper by the federal Minister of Transport, Mr. Mazankowski, have been basically blended together in the new move of re-regulation across Canada. The movement of this board toward the agreement and the memorandum of understanding and the statements made in the white paper, are basically one.

#### Changes In Territorial Regulation

The changes that are forthcoming within the Northwest Territories are changes of the shifting of burden of proof from the applicant to the respondent; the elimination of the requirement of approval for all extra-territorial rates and charges, that has been implemented in the NWT already; the development of a common list of commodities that has been developed, which however, has not been put in place in the Northwest Territories; the streamlining and reducing existing licence categories, that is being undertaken at this time; the implementation of a common commodity definition pursuant to what is called the STCC code, which is the American rail tariff, has been accepted Canada-wide and is being implemented in the Northwest Territories within the next six months to a year; the elimination of all routing restrictions, that has been implemented in the Northwest Territories; the elimination of the practice of specifying points beyond jurisdictional boundaries, that has been eliminated in the Northwest Territories; and the streamlining in the process of transport board licence applications, that has been implemented and will be forthcoming in legislation.

CHAIRMAN (Mr. Wah-Shee): Thank you. General comments. Mr. Richard.

MR. RICHARD: Mr. Chairman, I can appreciate from Mr. Thomson's response that the follow-up by our government to the memorandum of understanding with the other governments is that most of it is being undertaken at this particular time. On the last comment, that the process of licence applications before the Highway Transport Board is being streamlined and that the legislation is coming forward, can the Minister indicate when the change in legislation might be brought before this Assembly?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. Given the amount of legislation that we are proposing and I think yesterday our discussions indicated that we are placing our priority on legislation like the local government act, we would not anticipate the legislation coming forward, at the earliest, before the end of 1987. Thank you.

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

MR. RICHARD: Thank you, Mr. Chairman. The memorandum of understanding, Mr. Chairman, contemplates that by September 1986, the various governments will have completed their study and will report as a group on the elimination of the public convenience and necessity test in favour of what has been termed a fitness test. Can the Minister indicate whether our government has completed its study of that issue and whether the government has a position on that issue?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. The clauses contained in the memorandum of understanding will be discussed at a meeting of the Canadian Conference of Motor Transport Associations, of which our board is a member, in August of this year. Our board is in the process of developing our report which should be ready sometime this summer to take to that meeting in August. Thank you.

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

MR. RICHARD: Mr. Chairman, it is my understanding that the memorandum of understanding is an agreement between governments. I would assume, Mr. Chairman, that our government is going to report to the other governments with its position on this issue. Can the Minister indicate, therefore -- quite apart from what the Highway Transport Board might report to its group -- whether this government is going to be coming out with a position on the elimination of the public convenience and necessity test? And whether that government position might be released to the public and when. Thank you.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I will be presenting our government's position to the federal/territorial/provincial meeting of Ministers in October. The CCMTA will be reporting to us. They report to the Ministers' conference on the results of their conference. So based on the results of their conference our government will take a final position which will be brought through the Executive Council and we will then make our position known at the federal/territorial/provincial meeting in October. Our position will probably be made public before we go to that meeting. In fact, it will be.

CHAIRMAN (Mr. Wah-Shee): Thank you. General comments. There are no further comments. Does the committee agree that this Highway Transport Board is concluded? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Department Of Public Works And Highways

CHAIRMAN (Mr. Wah-Shee): I would like to thank the Minister and the witness. We are now dealing with the Department of Public Works and Highways. I would like to ask the Minister if he wishes to make the opening remarks to the committee?

Minister's Opening Remarks

HON. GORDON WRAY: Thank you, Mr. Chairman. In introducing the main estimates for the Department of Public Works and Highways, I am pleased to have this opportunity to bring you up to date on some of the department's activities during the past year and to comment on my plans for the future.

As you are aware, my department is responsible for the design and construction, operation, acquisition and maintenance of the many facilities required to run the government. Infrastructure includes all buildings, works and equipment owned by the GNWT. Our responsibility also includes the maintenance and reconstruction of highways and the operation of ferry vessels in the Territories.

The O and M budget for the department to carry out our responsibilities for 1986-87 is approximately \$112 million and the capital program which the department will undertake for all territorial departments and on behalf of the federal government will be approximately \$72 million. A major objective for the Department of Public Works and Highways continues to be its support for the development of the North's economy, businesses and residents. An indication of this support is that in the last complete fiscal year we awarded 91 per cent or 1048 out of 1151 construction and service contracts to northern contractors. The value of these construction contracts was \$44 million. This represents an increase of 46 per cent in dollar value going to northerners over the previous fiscal year. Most of the contracts awarded to southern firms continue to be for specialized services unavailable in the North such as elevator repairs, heating system controls and fire alarm systems.



In 1986-87 the department will continue to afford priority to improved planning and management to more effectively and efficiently use limited departmental resources in achieving its responsibilities. Improvements in capital project management in the GNWT and the Department of Public Works continues through the expansion of my regional Public Works and Highways offices in the management of and the involvement in construction budgets. I am also pleased to announce that these budget estimates reflect a decision to decentralize property management to the regions. Property managers will be placed in all regions over the next two years and headquarters positions reduced.

#### Standardization Of Buildings

In designing facilities, my department continues to emphasize a combination of energy conservation, ease of operation, maintenance, standardized building designs, systems and components and a restrained modest appearance. The matter of standardization of buildings is most important and therefore deserves further comment. For my department to achieve a higher degree of building standardization it requires that the corresponding programs themselves be standardized and not vary significantly from community to community. This approach has the support and commitment of the Ministers of all program departments. Standardization will significantly limit the involvement of individual communities in determining the specific program requirements for the new community buildings. I will illustrate my point through an example. Under this approach, community halls will be basically the same in all communities, only the size of the community hall will vary according to the population of the community. The Ministers of this government are committed to meeting the various needs for facilities of all communities in the NWT. This can only be achieved if we reduce capital costs through greater standardization of our programs and building designs.

Mr. Chairman, recognizing the unique aspects of northern construction, my department is striving to achieve the proper mixture of evolving project management techniques and technology which will provide ever-increasing opportunities for local and northern participants. Local community contractors, suppliers, tradespeople and labourers have all benefited from our efforts. For example, my department continues to monitor the ongoing extent of local employment on all major construction projects on a monthly basis. We also continue to incorporate log construction into a number of our Western Arctic buildings. Another example of maximized local involvement is the trades complex expansion project at the Fort Smith campus of the Arctic College. Bidders were required to demonstrate how they would utilize local subcontractors, local labour and local suppliers. Once again, contract tendering and award was based on maximized local involvement as well as lowest cost. I have also instituted a departmental policy requiring contractors to house their crews in commercial accommodations whenever practical. This results in direct economic benefit to the hotels and other businesses which provide accommodation, meals and services during construction.

Mr. Chairman, development of opportunities to further privatize departmental programs and services continues to be a high priority for Public Works and Highways. During 1985, our government privatization policy was introduced and this department has since been actively reviewing its operations and has prepared a privatization plan which will shortly be reviewed by the Executive Council. It is important to remember that Public Works and Highways has privatized many of its programs and services over the last several years and our current efforts to increase private sector contract opportunities are building upon the department's success and experience to date.

#### Highway Programs

A major area of opportunity continues to be in our highway programs. Negotiations are under way to privatize the maintenance of another highway section in addition to the five sections currently contracted to northern enterprises.

I am pleased to announce, Mr. Chairman, that during 1985, winter and ice road contracts were awarded for three-year periods for the first time. Previously, only one-year contracts had been awarded. This increased term allows northern business greater economic security and potential for growth. The department's practice now is to contract all winter and ice road work rather than conduct this work internally. To further increase privatization we are now negotiating all-inclusive leases whereby the landlords will provide all the maintenance on these leased facilities. The required maintenance services will, for the most part, be locally available to the building landlords.

Toward further development of responsible government for the NWT, we continue negotiations with the federal government for the transfer of greater program responsibility for NWT highways. Last year the intra-territorial highways reconstruction transfer agreement was finalized and recently signed by myself and the federal Minister of Indian Affairs and Northern Development. I am continuing to negotiate the transfer for the inter-territorial highway program with a target for turnover of April 1st, 1987. When our government completes the forthcoming transfer of responsibility for forestry management and fire suppression my department will assume the design, construction, operation and maintenance responsibilities for the associated infrastructure.

#### Five Priority Programs

Mr. Chairman, I am pleased to report that Public Works and Highways five priority programs are proceeding as planned. These programs are established and funded to address specific high priority areas of opportunity for this government. The five priority programs are: the granular and materials program which allows for the crushing and stockpiling of granular materials in communities; the dust control program; the community docks program; the residual heat recovery program which will see construction started on the further two projects this year and which is designed to utilize waste heat generated by NCPC to heat government and community facilities; and the energy management program which consists of energy management officers, which are now in place in the Inuvik, Keewatin and Baffin Regions. These officers, along with staff located in Yellowknife, will assist any interested public and private groups in their efforts to reduce energy costs.

#### Technical Expertise

In the past year, Mr. Chairman, my department has been increasing its technical expertise as a result of activity in a number of areas. We continue to take part in the Canada/Russia arctic sciences exchange program. The department has also developed engineering standards and guidelines for municipal works projects and as a result has produced a technical paper entitled "Water Distribution and Sewage Disposal Systems in the NWT". This paper has been accepted by the Canadian Society for Civil Engineering for presentation at its forthcoming annual conference. Our municipal engineering standards as described in this technical paper are at such an advanced stage, that we are now providing this expertise to other northern Canadian jurisdictions and as well, saving substantial engineering fees in our project work. Also, on the subject of technical expertise, we are engaged in producing a cold climate utilities manual, which will be used widely in major Canadian technical institutions.

The Department of Public Works and Highways main estimates continue to reflect our commitment to financial restraint while meeting the goals and objectives for this department. To illustrate, if program transfers are excluded, the operations and maintenance main estimates for this department have increased by nearly 34 per cent since 1983-84. Over this same period, total government budgeted expenditures in O and M have increased by nearly 40 per cent.

On a final note, Mr. Chairman, I would like to express my belief that being named the Minister responsible for the Departments of Public Works and Highways and Local Government, has given me the unique opportunity to better co-ordinate and improve the delivery of the programs and services of both departments to the peoples of the North. I look forward to this challenge with great optimism, Mr. Chairman. Thank you, and that concludes my opening remarks.

CHAIRMAN (Mr. Wah-Shee): Thank you. I would like to ask the Minister if you wish to invite witnesses to appear before the committee?

HON. GORDON WRAY: Yes, Mr. Chairman.

CHAIRMAN (Mr. Wah-Shee): Does the committee agree?

SOME HON. MEMBERS: Agreed.

---Agreed

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I have with me Mr. Larry Elkin, deputy minister of Public Works and Highways.

CHAIRMAN (Mr. Wah-Shee): Thank you. We are on page 11.02, dealing with objectives. Any general comments? Mr. T'Seleie.

Community Hall, Colville Lake

MR. T'SELEIE: Mr. Chairman, perhaps I should have brought this up during Local Government's capital budget but I know that Local Government is planning to spend some money on a community hall in Colville Lake. I was told a few days ago that the Department of Public Works has said that this project is basically none of their business, and in the standing committee on finance, I asked the Minister whether there has been any improvement in the relationship between DPW and Local Government. After having heard this, I really do not believe that there has been an improvement. I guess I want to bring it up here, Mr. Minister, because my feeling is that if there is any department that has any fat in it, it is this department. There were other concerns that were brought up at the standing committee meeting on consultation between Local Government and DPW. I guess I would like you to be just aware that this project in Colville Lake is under your department and there is a chance that if someone somewhere is not on top of it that moneys would be needlessly spent there.

CHAIRMAN (Mr. Wah-Shee): Mr. Minister, would you like to comment on that?

HON. GORDON WRAY: I most certainly would, Mr. Chairman. There has obviously been a misunderstanding by the Member. Local Government is providing a \$40,000 contribution to the people there to build the community hall. It is not a government project and it is not a DPW project. DPW has told Local Government that we will provide any expertise that the people there may request but it is not a government project. We are merely providing a contribution to the people there, to build their hall. We were never asked to build this hall, we were just asked for the money and we said we would give a contribution and if you need some technical expertise and advice, we will provide it. Thank you.

CHAIRMAN (Mr. Wah-Shee): Thank you. Mr. T'Seleie.

MR. T'SELEIE: Well, maybe I do not understand it but I did not see it in the final estimates on the capital plan but I did see it in the capital plan that was circulated in the region. My understanding, going on from that, is that Local Government projects get turned over to DPW.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. While it is true that Local Government projects are turned over to DPW to do, this is not a Local Government project. Local Government was merely asked to contribute some money which is what they are doing. Neither Local Government nor DPW was ever asked to build a community hall there. We were asked to contribute \$40,000, which is what we are doing. Thank you.

CHAIRMAN (Mr. Wah-Shee): General comments. Mr. Arlooktoo.

Gravel Supply, Cape Dorset

MR. ARLOOKTOO: (Translation) Thank you, Mr. Chairman. On the question that I have raised concerning Cape Dorset, as they are running out of gravel, I want to know if DPW will provide a gravel crusher and I would like to get a response. Also, at the time Local Government indicated that they would be sending the gravel crusher from community to community. This has not been implemented up to now. I would like to get some indication on what action has been taken on this. Thank you.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. We will be spending \$30,000 this year to repair and reinstate the existing DPW screener in Cape Dorset which was I believe formerly owned by MOT. Arrangements have been made to work in conjunction with MOT during the crushing program to supply the base and surface material that we require there. Thank you.



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

MR. GARGAN: Thank you, Mr. Chairman. I would like to ask the Minister -- I believe there are certain definitions with regard to ground transportation. There are recreational roads, there are access roads and there are highways. I would like to ask the Minister if there is any differential between these three categories. I believe the public highways are the ones that would have the first priority. I guess it is access roads and recreational roads that I would like to ask about. How much moneys are being spent toward those? Also where there is, and I can only refer to my own constituency, tourist potential could highways be developed? Is the Department of Public Works in the position of giving guesstimates for potential roads that could be utilized for tourism?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. There are indeed different categories of roads. I do not have it all here with me because there is a manual about five inches thick which details the different standards. Every road is maintained to a different standard depending on traffic uses, etc., but there are indeed different categories. What I can do is undertake to get my department to give the Member a list of the different types of category of roads that we do have.

#### Community Access Policy

With regard to community access and recreational roads, we are in the process, in conjunction with the northern roads people in Indian Affairs, of developing a new community access policy. We have agreement from the Minister that we should be involved in developing this policy and, utilizing this policy, we hope to obtain money through the northern roads program to start putting roads in which are not classified as main trunk roads. They would be roads for things like tourism, access to soapstone, access to gravel, access to recreational spots. The federal government did have a community access program but they had no money in the program and they had no policy. They just had a title, essentially. So we are in the process of working up that new policy and hopefully it will be completed within the next three to six months.

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

MR. GARGAN: Thank you, Mr. Chairman. I have written a letter to the Minister with regard to the access road to Horn River and I do not know whether he has an update on that. Perhaps on the Hay River Reserve itself. There was Eileen Vail who was expressing some concern for the road to her residence that has not been maintained. I would like to ask the Minister whether that particular individual's concern has been properly addressed.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I am sorry but I am unable to report to the Member what is happening with the Vail situation. I do know that officials in Local Government and DPW met to discuss it and apparently something will be coming to me in the next couple of weeks to try and resolve the matter. We are very well aware of the problem and we are attempting to resolve it in their favour.

CHAIRMAN (Mr. Gargan): Thank you. General comments. If there are no further general comments, does the committee agree to go into budget detail? Mr. Richard.

#### Use Of Local Hotels By Contractors

MR. RICHARD: Thank you, Mr. Chairman. I just had a minor query, Mr. Chairman. In the Minister's opening statement, he referred to the department encouraging contractors to use local hotels in order to assist the local economy, when they are in a community on a government project. I am wondering, Mr. Chairman, if the Minister could indicate how far this policy goes? I was told of an incident in this past year of a contractor being in a small northern community and having a small crew there and having them accommodated and fed in the local co-op hotel. The contractor, because of the cost, had his crew move out and into a house, I think one of the houses that they were working on that was vacant or incomplete, and thereafter buying their own food and cooking their own meals in this house. Complaints were made, I understand, to the department with the result that the contractor was virtually forced to move back into the co-op hotel.



Now, on the one hand, Mr. Chairman, I can see if a contractor has bid on a project to the government and in his bid he has included, almost in the nature of information about subcontract work, the cost to the contractor of accommodation and meals in the local hotel or co-op, that if he gets the contract on that basis he should, therefore, be using the local co-op. Failing such a commitment in his contract, if the contractor is able to live in a house in the community, provide his crew with his own meals, etc., at less cost, does the government policy go that far, that it would require him to move into the more expensive accommodation and meals? Thank you.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. My answer is, it depends on the circumstances existing in that particular community. We do require and make it mandatory under certain contracts that contractors do stay in a local hotel. However, we take every community on an individual basis and there have to be certain criteria that are met. The hotel accommodations have to be accommodations that are approved and up to standards of the Department of Economic Development; there has to be space available and there are certain criteria that we use. In most cases when contractors bid on contracts in a community where there is a hotel, I would say that 99 per cent of the time, in their bid they will list the amount that it costs them to stay in that hotel, as part of their bid. What many contractors did in the past was that they would put in their bid at perhaps \$100 or \$125 a night for hotel accommodation but then they would go to a community and try and stay in a vacant government building and make alternate accommodations for maybe only \$60 or \$70 a night. So, in fact, the government really was not gaining any money but the contractor was perhaps gaining extra money on the contract.

In conjunction with the Department of Economic Development it is our feeling that many of those hotels are built utilizing government funds and loans, so it is a dichotomy on one hand that one department of the government is encouraging communities to build hotels and yet another arm of the government is allowing contractors who can constitute a major portion of revenue for those hotels, to get through the system and use government buildings. And so we have essentially outlawed the use of government buildings, either existing or under construction, to be used by contractors in the construction stages. It is a method of economic development on one hand and a method of saving ourselves money on the other hand, because if some of those hotels do not get the construction companies, then they might not be as profitable or they might not be profitable at all. But it is really dependent on the circumstances in that particular community. Thank you.

CHAIRMAN (Mr. Wah-Shee): General comments. Mr. MacQuarrie.

Government Lease Contract, Rankin Inlet

MR. MACQUARRIE: Thank you, Mr. Chairman. I have been asked by the president of the Northwest Territories Chamber of Commerce to look into a matter of leasing. It concerns matters that are in a letter that was written to the honourable Minister, on February 20. It refers to the leasing of 23 units from Iligiittut Ltd., in Rankin Inlet, in a 35 unit apartment and apparently the leasing arrangement over a period of ten years, conservatively, says this letter, might be worth some \$2,200,000. The chamber of commerce is concerned that apparently this contract was negotiated and entered into with this particular company, without issuing any formal invitation to tender or a request for competitive proposals, if in fact a proposal was received. The chamber indicates that it recognizes that under government contract regulations, it is possible to forego the competitive process, but the chamber feels that in this instance they could not see relevant circumstances that would justify the lease contract without promoting the submission of competitive tenders or proposals.

In support of what they are saying in that sense, they feel that the units were not urgently required beyond any normal construction time frame and they feel also that there were available in Rankin Inlet more contractors than one, who would be capable of fulfilling the lease requirements. As they understand the policy, they are saying that it is that type of thing that must be instrumental if a determination is made to forego the standard competitive process. So they feel that given the value of this lease contract, that it is important for the government to clearly demonstrate why all interested parties, or potentially interested parties, were not given a fair and equal opportunity to bid on this contract. They would appreciate hearing from the Minister, the justification in support of the action that was taken.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I welcome the opportunity to clear the air on this issue. I am glad to see the NWT Chamber of Commerce finally taking an interest in the Keewatin Region. They have ignored it for many years. It is obvious from the letter however, that they are unaware of the Keewatin, and the facts that exist in the Keewatin. First of all the process is not a new process. It is a process which this government utilizes, has utilized many times. In fact, nearly every office building that was acquired in this community -- and sometimes I wonder why they do not look into their own back yard first before they start commenting on other regions -- but nearly every building acquired in this community, was acquired through negotiation and not public proposal call. It is something that we have done in Kitikmeot Region recently, with the Enokhok Development Corporation in a 20 thousand square foot office building. We negotiate and have negotiated highway maintenance contracts under the same process and under the same basis without public tender.

So, the process of not going to tender is not a new one. In this case, and you have to remember DPW's responsibility in this is to respond to a program department, DPW does not initiate request for space, either office or housing. What happens is a program department will come to DPW through the FMB or through the Executive Council and request DPW to acquire space for it, either in housing or offices. And in this case the request was initiated by, I believe the Commissioner, at the time, through the Department of Personnel.

#### Critical Housing Shortage In Rankin Inlet

There has been and is a critical housing shortage in Rankin Inlet. The government itself, is short, I believe over 40 units, and have been for about two to three years. There was an urgency to get materials in on seafit in order that construction could begin early in the spring to provide us with housing as quickly as possible. There was no and, to this date, there is no other company in the Keewatin Region other than this company that has ever made a proposal to this government to lease housing. This is the first company of its kind in the Keewatin Region. They came to this government, I believe, with a proposal and as we have done in Cambridge and as we have done in Fort Simpson and Fort McPherson and Fort Resolution, we have responded to initiatives shown by native companies by negotiating this contract with them. So, while the NWT Chamber of Commerce may raise a question, which they are quite entitled to, the fact is that they are a little bit late in the game, raising this question, because this has been the practice of the government since 1969.

Public Works, recognizing that there has been a problem in acquiring facilities and acquiring buildings particularly through leasing, has in the past few months been developing a leasing policy, which will hopefully lay out guidelines and criteria on how to acquire leasing. It was supposed to have been ready two or three months ago. However, because the head of the unit which was responsible for developing the policy was taken sick and in hospital, and as well, because of some staff shortages, the policy was not done as fast as it was supposed to have been done. I do now have the first draft policy in my office. I will be reviewing that and pending cleaning up of the policy, it will be going forward to the program and planning committee of the Executive within the next 30 days. So, we have recognized it as a problem and we have been taking steps to try and improve the process. Thank you.

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

MR. MacQUARRIE: Did I understand the Minister to say that this company previously had made leasing proposals to the government? Or just that no other company ever had and that this was the first proposal for leasing that was made?

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

HON. GORDON WRAY: As I understand it from Personnel, this is the first company that had made such a proposal. No other company had made such a proposal.

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

MR. MacQUARRIE: Yes, and in having made it, you are saying it was made at such a time that there would have been no opportunity to make other companies aware of the fact that competitive proposals might be entertained. More specifically, can I ask when the leasing proposal was made?

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

HON. GORDON WRAY: I believe it was made in June of 1985. Either during the Legislative Assembly session in Rankin Inlet or just shortly afterwards. June or July, I am not quite sure.

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

MR. MacQUARRIE: The information that I have been given indicates that a representative of another company went to see the regional director in August of 1985, to ask whether there were government housing needs in the foreseeable future, took notes of the meeting and was told specifically at that time, that there were no needs in the foreseeable future, that there had been no requests from other departments. So that particular contractor thereupon changed the nature of the building that he was intending to build. If that information is correct and I cannot confirm that it is absolutely correct but if it were correct, is the Minister saying that the decision and the commitment had already been made to this company in question and therefore that is why there were no further housing needs?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I cannot confirm or deny a meeting took place. I am just not aware of that but I can tell you that a decision had been made in August. So perhaps by the time this person went, if such a person did go to the regional director a decision had already been made and at that time there was no need.

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

MR. MacQUARRIE: Thank you, Mr. Chairman. Could I just ask the date then in August when that decision was made?

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

HON. GORDON WRAY: It was sometime in the first week of August. I do not have the exact date but I know it was in the first week of August at an FMB meeting.

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

MR. MacQUARRIE: Thank you. Also, did I understand the Minister to say that really there is no contract policy governing leasing now or did I misunderstand that? I thought that our contract policy did apply to goods, services and leasing.

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

#### No Policy For Leasing Within Contract Regulations

HON. GORDON WRAY: Yes, the contract regulations refer to leases. The problem is with the word "leasing" within the contract regulations. There is no policy for leasing. We have a policy for architectural and engineering. We have a policy for construction contracts but we have no policy for leasing. This is the one that we are developing right now.

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

MR. MacQUARRIE: Yes, I think the Minister correctly pointed out that over many years the process that has been used here has been used in the past and I am told that it has happened in Yellowknife as well, but I am also given to understand that generally that is a thing of the past. It was the way business used to be done but with there being more and more businesses available to do jobs and more people interested in providing this kind of service and goods to the government, that in fact that is not done very often at all now.

#### Policy Determining Preference For Contracts

The Minister indicated that there were certain other kinds of contracts and this is getting a little -- I'll let that other matter rest for the moment -- but he did raise matters that in a general way have been of concern to me as well and that is, for example, the government arbitrarily deciding that a highway maintenance contract will go to a particular band. He did refer to the Enokhok corporation in Cambridge Bay and I am familiar with that particular enterprise as well and am concerned about it. So, could I ask the Minister whether -- I mean this appears to be outright



preference on the part of the government. They decide that for some reason some particular company is going to get the business and that is all there is to it. Apparently others do not even have the opportunity to bid on those at all. Could I ask the Minister what kinds of policy, if any, govern those decisions, or are they arbitrary decisions on the part of individual Ministers, or do things like that appear at the Executive Council? If they do appear at the Executive Council for an Executive Council decision, what are the parameters, because this kind of thing can have an enormous impact? On travelling to Inuvik in the fall on other business, I was approached by a man who has lived in the North for 25 years or something like that who has sunk all sorts of money into equipment of one kind or another for road contracts in the past. He found at one point that the decision was made and that there would be no bidding for that contract any more. That man now has heavy equipment sitting idle and the contract is given to somebody else. It has had a very serious economic impact. I would just like to know, because that kind of thing can arise, what sort of policy is determining when the government will make a preference of that kind?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I will maybe start off at the end of the question. Now, I, as Minister of Public Works, am responsible for the leasing and acquisition of property and contracting on behalf of the government. I do not have the authority to make that decision on my own. Any decision to negotiate a contract is made by the Executive Council. I must go to the Executive Council and seek my colleagues support.

With regard to why it was done and it is not -- I would like to correct the Member that it is not a thing of the past. We have negotiated substantial major leases in Yellowknife within the past six months in various buildings. But getting back to the other point, I cannot really speak for my predecessor as to why decisions were made to negotiate or not go to public tender, but I can tell you that for my own part, through the Minister of Economic Development, as a government we have been attempting to encourage native entrepreneurs to get into private enterprise, to get into the private sector. Now there has to be a recognition that for, the most part, they are in a catch-up situation. A lot of the enterprises, a lot of the businesses in the North have been in business for a long time. Their buildings or equipment have been paid for. Native people now trying to get into business are faced with having to go out and buy equipment. They have to go out and buy buildings which means they have to amortize buildings. They have to get large loans which puts them, right off the bat, in an uncompetitive position. It is almost impossible for a new company to compete against an older established company for financial reasons. So in order to encourage native entrepreneurs we have -- and essentially it is a political decision -- decided in certain cases to negotiate directly with band councils or with native development corporations to negotiate certain contracts. But, particularly in the highway maintenance side of things they always have a sunset clause on them. We basically indicate that we will negotiate for one three-year period or a second three-year period but after that it must go to public tender. Really what we are trying to do is to get them started, get them running, get their capital payments down and then essentially say, "Now you have to compete in the big world." But it is a political decision to get people started and that essentially is the reason why we negotiate. Thank you.

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

Competition Fosters Good Business Practice

MR. MACQUARRIE: I certainly appreciated just what I heard at the end of the Minister's comments. One of the questions I had down here is, is there any end? I can understand certain kinds of affirmative action but to have sort of a never-ending preference just is not acceptable at all. So I am pleased to hear that, for example, some of these highway maintenance contracts will be going back to competitive bid once it is felt there are others who may be competitive. I think it is still a serious question as to how, if you are trying to encourage native people to get into business just how you do encourage it because it seems to me that there might be some ways of encouraging it and assisting it that would at the same time necessarily foster, because this is what the government should be trying to do, good business practices as well and I am not sure that that is the case when a contract is simply given and no one else has the opportunity to compete. Maybe through assistance in capitalization, business advice as to submitting tenders and that kind of thing but at some point there has to be real competition so that good business practice will be encouraged.

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



HON. GORDON WRAY: Thank you, Mr. Chairman. Really I have nothing to say other than I agree with the Member. At some point in time companies that we do negotiate with have to be turned loose into the real world and compete on an equal basis. There are some programs but nearly all programs other than outright grants -- I do not necessarily think that outright grants are as good as perhaps a loan where loan repayments have to be made and certain responsibilities are incurred. We try and recognize that for many people, particularly native people, the first two or three years in business are difficult. Getting into business is not an easy thing. It might look like preference but in many ways it is not because what we are doing is we are trying to equalize the uncompetitiveness that they are in to begin with. I guess we are just trying to balance the books a little bit but I think that the Member is correct when he states that at some point in time, yes, we have to bring an end to it. I know that in previous contracts we have negotiated and some that we are negotiating now, that is one of the first criteria. What we advise is that after three years or after six years, we will do an assessment of your company which requires a detailed investigation of your books. We will subject them to audit and if it is felt that your company is now competitive and profitable, then we will not negotiate any longer. That is something that we have told our companies.

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

MR. MacQUARRIE: Thank you, Mr. Chairman. I may be pursuing some of these issues in another way at another time but just as a final statement at this time, I would like to remind the Minister that, in fact, in giving preference to a particular native company, that is giving preference not only vis-a-vis white established entrepreneurs but against other potential native groups as well. In other words, there may be more than one little group of people in a community that are interested in getting into business and if we pick up the first one off the mark and provide them with all of this, it is detrimental to the development of other native people in the community who may wish to do the same things as well.

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

#### Groups Must Be Capable

HON. GORDON WRAY: Thank you, Mr. Chairman. My only comment is, in situations where we know that there are other groups, not only interested but capable of doing the work, then in almost all cases we will go to tender. Obviously, for example, now that there has been indication from Rankin Inlet that there is more than one group interested, then any further acquisition of buildings in Rankin would go to public tender. In many ways it is a judgment call on our part as to whether or not there is more than one group but I think that has to be also understood that it is not only that there is more than one group, it has to be that there is more than one group who are capable, because there are many groups that might be interested but not capable. So we have to make a judgment call sometimes in some scenarios. Definitely where we know, in a particular community, of one or two or even three groups that are capable and interested, then in a situation like that we would go to tender. Thank you.

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

MR. MacQUARRIE: Yes, just one last one, raised by what you said. Does evidence show that the decisions that were made with respect to preference, say for highway maintenance contracts, that in fact the groups that were chosen have been capable of providing the services adequately? Has there been need for re-financing and further assistance and that kind of thing? Or are they able to fulfil the terms of the contract within the terms of the contract?

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

HON. GORDON WRAY: Thank you. I will use the highway maintenance because it is the easiest. From a technical point of view, yes, there has been tremendous success, particularly from the Fort McPherson band council and Nogha Enterprises in Fort Simpson. They have proved, if not equal, better than our own forces in doing the work.

On the other side of the coin, not related to the technical side, they have had some problems under, essentially, growing pains with management. They have had some management problems, getting the right people, getting people settled down to do the work. Again, in Nogha and now in McPherson with recent moves in the last few months on that side of things, we are very satisfied that they

are capable. Nogha is one of the most capable companies that we have around now. In meetings with the chief from McPherson and with the new manager of their band council there, we are fairly certain that things on that side will improve too. So by all accounts, yes, it has been successful.

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

Corporation Maintenance Of Road Better

MR. NERYSOO: Thank you, Mr. Chairman. The comment I was going to make was that in fact there has been success in the idea of negotiating directly with communities and various native development corporations. I think that there is a need and there was a need previously and there still is a need to continue that particular practice, because the points that you raised earlier, of allowing for the native development corporations to develop their infrastructure as well as develop their professional capacity to be a part of the business community of the Northwest Territories, are necessary. I can only say that representing a community that has been a part of the preferential practice of awarding or negotiating directly a contract on the highway maintenance program, my belief is that it has not only brought a certain amount of success to the ability of the community to respond to the conditions of the contract but if you look at the condition of the road, in comparison to the area that was let out to private enterprise, there is no comparison between the maintenance of those roads. The community corporation of Fort McPherson maintains the highway better than private enterprise. So in that sense I congratulate the Minister and the department for pursuing that and I would hope that he will continue to discuss with the community corporation the possibility of extending that contract.

A Community Corporation

The other point that I just wanted to point out is that while the whole process began as a native development corporation, it has extended beyond that. It is really a community effort now, to ensure and maintain that particular business, so in fact the non-native communities are now part of the board of that economic development group. In fact we are allowing them to participate in that corporation. I think from the beginnings of a native corporation it extended to a community corporation and that in itself is an advantage to the particular community. I just wanted to point that out so that there is no question about what I consider to be the capacity or the capability of the community to respond to the needs of the government. There still is, as the Minister pointed out quite adequately, the need to improve management. I am hoping now that the problems on that particular issue can be resolved but certainly for the maintenance section there is no question of the quality. I think I can continue to support the efforts of the Minister to, at least, one more time pursue the possibility of an agreement again.

CHAIRMAN (Mr. Wah-Shee): Mr. Minister, would you like to comment on that? No. Mr. Richard.

MR. RICHARD: Thank you, Mr. Chairman. Mr. Chairman, I have to make a comment about the shot that the Minister took at the NWT Chamber of Commerce, because, Mr. Chairman, I am aware that for the past number of years the NWT Chamber of Commerce has been soliciting the Keewatin Chamber of Commerce, a very successful chamber, to join the NWT federation of chambers. The Minister indicated that he was glad to see, and I believe with tongue in cheek, that he was glad to see the NWT chamber finally taking an interest in the Keewatin Region. I think that is an unfair comment, Mr. Chairman, about the NWT Chamber of Commerce because I believe the Minister, coming from the Keewatin, must be aware that the Northwest Territories chamber has been lobbying for the Keewatin chamber to join the territorial federation of chambers. For reasons of their own, the Keewatin chamber has resisted those overtures and I think that must be on the record, Mr. Chairman, although I understand, recently the Rankin Inlet Chamber of Commerce has itself joined the NWT chamber and there is now on the Northwest Territories chamber a director from the Rankin Inlet chamber.

AN HON. MEMBER: (Inaudible comment)

MR. RICHARD: No, but I feel I must look out for the territorial chamber, Mr. Chairman, when the Minister makes a remark such as he did. On this issue, Mr. Chairman, the Minister also responded by saying that this practice of the government to deal with one contractor has happened elsewhere over the years, and I understand that to be true. And the Minister again said that it has happened right in the back yard of the NWT Chamber of Commerce, wherever that is.

physical assets will conform to the GNWT maintenance standards. Funding for the maintenance of all buildings, works, equipment and other physical assets will be determined on the basis of the funding criteria in the maintenance management system of the GNWT. Funding for the operation of all buildings, works and equipment including but not limited to fuel, power, water, sewer, garbage, janitorial costs, property tax and insurance will be provided on the basis of actual costs for the last two years adjusted for inflation.

Appropriate funding level will be provided for the ongoing replacement of all buildings, works, equipment and other assets, as well as the ongoing minor capital improvements and renovations. Funding for the construction, maintenance and operation of any new buildings, works, equipment and other assets required for support and expansion of the forest program will be provided by the federal government according to a framework established through formula funding agreement between DIAND and the GNWT. All staff associated with construction, operation and maintenance of the existing buildings, works and equipment will be provided the opportunity to transfer to the GNWT. All housing and office accommodation necessary for the support of staff associated with the program will be transferred to the GNWT or the GNWT will be provided with the funding for this requirement. All files, records, manuals, reports and correspondence associated with the construction, maintenance, operation of buildings, works, equipment and assets associated with the program will be transferred to the GNWT.

When we walk into the negotiations those are the principles that we work by to ensure that never again will this government be stuck with a transfer of responsibilities from the federal government and no resources to carry out that program.

#### Distribution Of Person Years

With regard to -- and I am not quite sure where the Member gets the figure on 27.7 PYs -- however, it should be noted there are 15 new ones. However, 12.7 of those 27.7 are transfers in from Government Services, as a result of the intra-territorial highways. So there are 15 new ones and 12.7 are transfers in from other programs to undertake new responsibilities that we have acquired, one being the territorial highways and the other one being the weigh scale operation from Government Services.

Of the 15 new ones, there are in accommodation services, one PY for Fort Smith, one for Inuvik. In buildings and works there are one for the Yellowknife area and two for Baffin. In highways, design and construction, there are 4.5 for headquarters. In highways, marine, there are 2.4. In highways, maintenance, there are 0.1 associated with the Wrigley road and two associated with the weigh scale operators, Dempster and Liard, and one property manager in headquarters. So those are the 15 new PYs, the other 12 are from other programs. I think I got it all, Mr. Chairman, if I did not, perhaps the Member may correct me on what I may have missed.

CHAIRMAN (Mr. Wah-Shee): Thank you. General comments. Are we concluded with general comments? Does committee agree that we go in budget detail?

SOME HON. MEMBERS: Agreed.

---Agreed

#### Directorate, Total O And M

CHAIRMAN (Mr. Wah-Shee): Directorate, total O and M, \$5,162,000. Agreed? Mr. Nerysoo.

#### Motion That Lease Policy Requiring Public Tenders Be Introduced, Bill 1-86(1), Carried

MR. NERYSOO: Thank you, Mr. Chairman. I move, that the committee recommend that the Minister introduce a lease policy which requires public tenders for acquisition of leasehold properties.

CHAIRMAN (Mr. Wah-Shee): Your motion is in order. Mr. Nerysoo, do you wish to speak to the motion?

MR. NERYSOO: Thank you, Mr. Chairman, per se, to support the Minister's initiative in developing a lease policy, as well as raising a concern that the standing committee on finance had with regard to the process by which we were acquiring leasehold properties. Thank you, Mr. Chairman.



CHAIRMAN (Mr. Wah-Shee): Thank you. To the motion. Do I hear question? Question has been called. All those in favour? Opposed, if any? The motion is carried.

---Carried

Directorate, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Directorate, total O and M, \$5,162,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Project Management, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Project management, total O and M, \$3,049,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Accommodation Services, Total O And M

CHAIRMAN (Mr. Wah-Shee): Accommodation services, total O and M, \$22,678,000. Mr. MacQuarrie.

MR. MacQUARRIE: Thank you, Mr. Chairman. I note in the introduction a couple of things that I would like to look into a little further. The first is in a sense related to what we have been talking about and that is that a new office complex is being constructed by local business interests in Cambridge Bay for leasing back to the government in 1986-87 and I gather that that would have been one of the lease agreements that was negotiated. What I am wondering at this point is whether the Minister's department co-ordinates with other government departments or whether this is ever discussed at the Executive Council. I will be pursuing this further under Economic Development and Tourism but I have reason to believe that significant government assistance was given to build the building in the first place. So, if you have that kind of assistance to establish a business and then guarantee its virtual success by lease-back and there are a limited number of people involved in that enterprise, in a sense we are coming close to ensuring a monopolization of business in a particular community to the exclusion of a lot of other people. So the question to the Minister then is, in making a decision like this on lease, are other broader factors brought in, the extent to which there has been assistance and that kind of thing given? The Minister already said that he would not do it on his own, that it would be an Executive Council decision, but I guess I am asking, are other relevant factors brought in at that kind of meeting?

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

HON. GORDON WRAY: I think one of the first questions was, do we consult with other government departments? Yes, we do, extensively. I think even in Cambridge Bay we are to the point where there is actually even in that building -- but we did not set those arrangements up. The group itself did. But yes, in those discussions other factors such as government assistance and so on are included and they are also taking into account of course negotiations with regard to the leases as well because we want to assure ourselves, and we do this in all leases not just negotiated ones, that the price that we are getting is a reasonable price for the government to pay but also a reasonable price for whoever in the private sector is proposing, so that there is a profit margin in there because it is really not in our interest to lease a building from somebody for such a low price that they're going to go broke leasing the building to us. We had a situation in Fort Simpson two or three years ago where in fact a company that we were leasing the building from went bankrupt. The bank seized it and we were faced with a situation of possibly new owners acquiring that building and because we had no other space we could have faced a 200 per cent increase in lease costs. One of the things we do take into account in a major way in negotiations on any lease is the financial viability of the project. We have to, to cover ourselves. Thank you.

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



MR. MacQUARRIE: Yes, so apparently that company is in no danger of going broke and I think I understand why.

---Laughter

The question is, in the discussions is the question of monopolization of business in a community something that is on the minds of Ministers, because I see it as a potential danger that ought to be seriously considered?

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

HON. GORDON WRAY: I cannot quite remember the discussions but I do not think we have ever discussed monopoly. We have not been faced with a situation yet where there is such a lack of business that one company could acquire a monopoly. I do not think that has been the case. The demands seem to grow, almost on a continual basis, in most of the larger places where we do this. No, I cannot remember it being a part of our discussions, I'm sorry.

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

#### Revenue From Staff Housing

MR. McCALLUM: A question on the revenue part of this particular activity, is that primarily revenue from trying to recover costs for staff housing? Is that primarily what this is? If so, to what extent do you recover the cost for staff housing throughout? Percentage, if you like.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. This was in our reply to the standing committee on finance. The revenue is through the recovery of funds from our staff. We cannot pin down the exact revenue and cost because the costs are split among various departments. An estimate is the average revenue per occupied unit and I emphasize "occupied" because as you know there are times when staff housing is not occupied so we are not raising any revenue -- the expenses average around \$9000 per unit and we recover about \$7300 on average. Thank you.

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

MR. ERKLOO: (Translation) Thank you, Mr. Chairman. Pond Inlet has approved for regional government staff to move to Pond Inlet. There is a shortage of staff housing in Pond Inlet. Will this be included in these estimates? The reason I am asking this is that the teachers that we do get always have to be couples because we have a shortage of staff houses.

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

HON. GORDON WRAY: Yes, Mr. Chairman. In conjunction with the Department of Personnel and the Housing Corporation who are actually constructing our houses, the bulk of our houses that will be constructed over the next two or three years or leased will be in the one and two bedroom area. This has been a problem for a long time, inasmuch as there is a major shortage of one and two bedroom houses in most communities and we are faced increasingly with single people either living in three bedroom houses or Education being forced to hire teaching couples to accommodate them. So, over the next two to three years the vast majority of our houses either built or leased will be of the one and two bedroom variety.

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

MR. APPAQAQ: (Translation) Thank you, Mr. Chairman. I think I have brought this up last year a few times. I will bring it up again. In our community we have a shortage of office space and the hamlet has been sharing offices with the government staff and our office space is very small. For those coming in from the regional office, for instance from Frobisher Bay, the only space that they can use is the hamlet office because the government does not have any office space. I would like to know if you have considered building an office for the government staff in Sanikiluaq. I do not even have office space, even though a lot of times I would like to do some business. I would just like you to consider this matter.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. We are aware of the problem inasmuch as the Member has raised it before. We have asked the Frobisher Bay office to investigate the situation in Sanikiluaq and to come back to us with some recommendations because we are aware of the problem there and the fact that the GNWT is utilizing the hamlet office and the hamlet now finds itself restricted because of the growth of the hamlet staff. So I am waiting for the regional officer in Frobisher Bay to get back to us with some possible recommendations. But we are aware of it and we are working on it. Thank you.

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

MR. PUDLUK: (Translation) Thank you, Mr. Chairman. Maybe perhaps when we are on another topic, on the capital, maybe I can bring this up. (Translation ends) Where did the nice flowers come from across the floor?

AN HON. MEMBER: (Inaudible comment)

CHAIRMAN (Mr. Wah-Shee): Accommodation services, total O and M. Mr. Richard.

#### Increase In Lease Payments

MR. RICHARD: Thank you, Mr. Chairman. Mr. Chairman, under accommodation services in the standing committee on finance documents, the detailed information under lease payments showed a substantial increase from a round figure of \$15 million to a round figure of \$21 million. And there was a note in the documents of explanation or comment that the increase in the lease funding in total resulted from forced growth acquisition of new properties required in support of GNWT programs, including infrastructure adjustments of some \$5.4 million. I am wondering, Mr. Chairman, if the Minister could explain what is meant by that comment. If there are new major programs that cause this substantial jump of some 38 per cent on that line item, what are these new programs? That is part of my question, Mr. Chairman.

The other part I guess is to ask whether this substantial increase is related in any way to the regional decentralization that resulted from a recent review? Thank you.

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

HON. GORDON WRAY: No, the increase in lease payments is not due to regional decentralization. Whether we decentralize from the region or whether we kept the PYs in the region, it is the infrastructure growth which has forced the increase. We would have had to lease anyway, whether we are doing it in our regional centre or in other communities. So, no, the regional decentralization per se, has no effect on the lease.

There has been a major growth and there is a major growth proposed over the next two to three years for this government, I think somewhere in the neighbourhood of about 270 PYs. There is substantial increase due to the language bureau in Education. There are a whole bunch of them. Let me see, there are 13 units for the Rae-Edzo school society, there is the language bureau, there are Education and Equal Employment Directorate units in Frobisher Bay, there are Education leases for staff houses all over the place, for colleges, and then there is the infrastructure growth, which is to meet just the existing demands of the growth in government. Every time a program department hires staff, we have to provide accommodation if it is not in one of the market one communities. So, essentially that is where the increases have come. Increases have come all over the board. There are 243 new staff for last year and the next three years. So correspondingly our office and our accommodation leases go up.

CHAIRMAN (Mr. Wah-Shee): Thank you. Accommodation services, total O and M, \$22,678,000. Agreed? Ms Cournoyea.

#### Takeover Of CF Units, Inuvik

MS COURNOYEA: Mr. Chairman, in the matter of the Canadian Forces turndown in Inuvik, I realize that over a number of months there were negotiations on the takeover of some of the units and I was wondering if possibly the Minister could reveal what number of units was turned over to the NWT? And what were the terms of that turnover and where were the units allocated -- to which departments? Thank you.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. We have taken over 16 and we are in the process of acquiring an additional 16. We have taken over the operating costs at present and we are still negotiating on a price. They started out at \$68,000 per unit, we started out at one dollar per unit. So we are still negotiating that, but essentially I have written to the Minister of Indian Affairs and asked that they be turned over to this government for the nominal sum of one dollar and I think the Government Leader has also written as well. So we are asking for them to be turned over at a nominal value from one government to the other. Thank you.

CHAIRMAN (Mr. Wah-Shee): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, the part of the question that was not answered, which departments were these 16 units allocated to?

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

HON. GORDON WRAY: Thank you. I am afraid I cannot answer that question, Mr. Chairman. Personnel is responsible for the allocation of units. Thank you.

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

MS COURNOYEA: Mr. Chairman, I realize certainly with the work of the Government of the Northwest Territories, that from time to time the policy direction of the government does not appear to get down to the smaller communities. Oftentimes the smaller communities, who are interested in the development of the community do not really know about the government policies. In the matter of the community of Sachs Harbour, in the capital there were two units described, one for 1986-87 and another for 1987-88, which required accommodation and some office space and I would like to say that, in the general policy, this go out to lease preferably. I would like to suggest that the Government of the NWT re-evaluate the capital to put these units into lease arrangements within that community if at all possible.

Motion That GNWT Accommodation Needs In Sachs Harbour Be Scheduled For Lease, Bill 1-86(1), Carried

I would like to move the motion that accommodation needs in housing and office space by the Government of the Northwest Territories in Sachs Harbour be invited for lease.

CHAIRMAN (Mr. Wah-Shee): Your motion is in order. Ms Cournoyea, do you wish to speak to your motion?

MS COURNOYEA: Mr. Chairman, in terms of the general government policy which I support, I believe that oftentimes in small communities the community tries to get together to improve the living conditions in that community. From time to time even one government lease in any given building is generally the parameter that allows a development to be economic. The community of Sachs Harbour is very small and they were aware of the government policy for lease accommodation and they would request that this space, that is in capital at this time, be scheduled for lease arrangements. Thank you.

CHAIRMAN (Mr. Wah-Shee): To the motion. Question has been called. All those in favour? Opposed, if any? Motion is carried.

---Carried

Accommodation services, total 0 and M, \$22,678,000. Agreed? Ms Cournoyea.

MS COURNOYEA: I would just like clarification on one issue. In several small communities the working relationship of the federal government and the territorial government is somewhat understood in terms of the RCMP and its allocation of personnel to various small communities. The general argument is that the pull-back in providing the personnel in the small communities is accommodation. I realize that DPW generally handles an issue after direction is given and I am not quite clear on the relationship for example, with the RCMP and the territorial government, although I know it is a cost shared arrangement, but there are possibilities in the smaller communities that



leased accommodation could be provided if the only hold-back to having personnel in that community is because they cannot come up with capital for accommodation. I would like some clarification on how these communities can approach this government and through which means, particularly in view of the RCMP.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. Ostensibly the Department of Personnel is responsible for directing the Department of Public Works to acquire accommodation. So I would venture that the best approach is, first of all the corresponding department within the government, that is the Department of Justice where the RCMP are concerned, will be approached with a view to providing RCMP personnel and then perhaps a negotiation could take place between Justice and Personnel on how to do that. Maybe on a cost shared basis or whatever. I would suspect that that is probably the best approach but we really only lease accommodation or build accommodation at the specific direction of a program department.

Accommodation Services, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Accommodation services, total O and M, \$22,678,000. Agreed?

SOME HON. MEMBERS: Agreed.

--Agreed

Buildings And Works, Total O And M

CHAIRMAN (Mr. Wah-Shee): Buildings and works, total O and M. Mr. Gargan.

MR. GARGAN: Mr. Chairman, it is with regard to recovery of surplus heat from diesel generators. Mr. Minister, with regard to Fort Providence where they had this project for a number of years with the gasification plant, I would like to ask the Minister what has been the result of this project that was undertaken? Has it been successful? I have been to the plant and so on but I am questioning the economics of such a plant and whether it has been successful or has it failed?

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

HON. GORDON WRAY: Thank you. In a general way because it is a private project, I do not have all the details. I am advised that generally speaking it has worked out fairly well with the exception of some equipment problems but it has the potential for being cost effective if the people doing it can work out the equipment problems. I can probably get a little bit better detail for the Member and provide it to him at a later date. Thank you.

CHAIRMAN (Mr. Wah-Shee): Thank you. Buildings and works, total O and M, \$18,323,000. Mr. T'Seleie.

MR. T'SELEIE: Mr. Chairman, the matter of unplanned repairs to DPW buildings was questioned at the standing committee on finance in January -- unplanned repairs to buildings and to vehicles. I guess I would just like to try and get it clear again because it involves a lot of money. In the SCOF document over two million dollars is budgeted for unplanned repairs. It involves 16 person years. I wonder if we could have an idea, does the Minister expect that all of the over two million dollars that is budgeted under unplanned repairs, that the department would be spending all of that money?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. Yes, we anticipate expending all of those funds. We based the funds essentially just on historical data. We know how much we have had to come up with in the past. Unfortunately because they are unplanned repairs we cannot tell you what we are going to spend the money on but with the thousands of buildings that the government owns, and vehicles, there are always things that break down that we did not plan on, such as generators, water systems



or boilers in schools, things like that. But over the years we know and it is a guesstimate but a fairly good estimate on how much of our budget we need to cover those areas. So we anticipate spending the bulk of that money.

CHAIRMAN (Mr. Wah-Shee): Thank you. We will now take a 10 minute coffee break.

---SHORT RECESS

The committee will come to order. We are dealing with buildings and works. I believe the honourable Member for Sahtu has some concerns he wants to bring to your attention, Mr. Minister, under buildings and works.

MR. T'SELEIE: Thank you, Mr. Chairman. Under unplanned repairs in the repairs department of buildings and works, I would like to ask the Minister about the 15 person years, where these people are located in the North and whether these people are all located in a place like Yellowknife, and when something happens to a government building somewhere do they fly there to repair it? What exactly is the score there? Also, I would like to ask the Minister, in 1984-85 the department spent a little bit over one million dollars on unplanned repairs and I wonder if I could ask him for a list on where those repairs were done.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. I am unable to provide the Member with that information at the present time. I will undertake to have the department see if we can identify where the money was spent and provide the Member, later on in the session, with an accounting. It is in every region and every community so it is going to take quite some time to put that kind of information together. Also I guess we are working from two different documents, because I do not see in my documents the number 15. Perhaps they are contained in the SCOF document. But once again, we will take a look at it and come back to the Member later on in this session with information.

CHAIRMAN (Mr. Wah-Shee): Thank you. Buildings and works. Mr. McCallum.

MR. McCALLUM: I just have one question for the Minister, Mr. Chairman, and that is the objective here is that you continue the implementation of the maintenance management system. Does the Minister or his department have any facts or figures that show if there has been indeed a costs saving involved here?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. No, not as yet. The maintenance management system is just now beginning to kick in and we will not expect to see the results, or we will not be able to identify the results, for probably about another 18 to 24 months, until the program is implemented in all regions and all communities and the paperwork starts to come back. I would expect about 24 months from now we will start to be able to identify the savings that the Member refers to.

Buildings And Works, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Buildings and works, total O and M, \$18,323,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Vehicles And Equipment, Total O And M

CHAIRMAN (Mr. Wah-Shee): Vehicles and equipment, total O and M, Mr. Gargan.

MR. GARGAN: Mr. Chairman, under vehicles and equipment, the government was going to convert some of the existing vehicles to propane, as part of the saving on gasoline. I am just wondering whether at this time, because the gasoline price is going down, is it still the intention of the government to go ahead and do that?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. At the present time because of the surplus of propane gas in Canada, a litre of propane is approximately 40 per cent less than a litre of gasoline, so the price of gas would have to drop about 40 per cent or almost half before it would equal the cost of propane. Thank you.

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

MR. GARGAN: Thank you, Mr. Chairman. Regarding another concern, I would like to first of all express my appreciation for a vehicle being put in place at Kakisa. However, the vehicle is only being used, so far, for garbage collection, I believe. I would like to ask the Minister whether there are any other plans for use of this vehicle. I believe another area that a vehicle could be used, if they could get a tank, is as a water delivery vehicle. I wanted to ask the Minister if there are any directions toward that?

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

HON. GORDON WRAY: Thank you. I am not aware of any other plans.

CHAIRMAN (Mr. Wah-Shee): Vehicles and equipment, total O and M, \$3,772,000. Mr. T'Seleie.

MR. T'SELEIE: Mr. Chairman, I would like to ask the Minister how many vehicles are covered under this department?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. For our own department, for the Department of Public Works, approximately a couple of hundred vehicles, but that does not include all the other dozens and hundreds of vehicles for Local Government, the Executive, Social Services and Education. We are responsible for the maintenance of those, but we have around, I would suspect, about 200 in our own pool, the DPW pool. Thank you.

CHAIRMAN (Mr. Wah-Shee): Thank you. Mr. T'Seleie.

MR. T'SELEIE: I wonder if the Minister could just give me a ball park figure of how many vehicles are covered under this section of the budget.

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

HON. GORDON WRAY: Thank you, Mr. Chairman. We will have to get back to the Member with the exact number. It is probably close to a thousand I would suspect, but we will provide the Member with a breakdown. Thank you.

CHAIRMAN (Mr. Wah-Shee): Does that include limousines and so forth? Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. I just want to be corrected here, Mr. Minister. Did you say that this particular amount only covers the vehicles for the department and that other departments are responsible in their own budget for the number of vehicles designated to these departments? Am I correct, Mr. Minister?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. No, when I said a couple of hundred I was referring to the number of vehicles that DPW itself had. The maintenance money in here is the maintenance money for all government vehicles, with the exception of Local Government. There are a few Local Government vehicles in here but the bulk of Local Government maintenance money goes to hamlets and such, so there are a few Local Government vehicles in here, but this will cover all the other vehicles that the government has.

Vehicles And Equipment, Total 0 And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Vehicles and equipment, total 0 and M, \$3,772,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Utilities, Total 0 And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Utilities, total 0 and M, \$34,025,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Highways, Design And Construction, Total 0 And M

CHAIRMAN (Mr. Wah-Shee): Highways, design and construction, total 0 and M, \$1,880,000. Mr. Nerysoo.

Motion To Pursue Funding For NWT Roads Program, Bill 1-86(1), Carried

MR. NERYSOO: Thank you, Mr. Chairman. Mr. Chairman, I move that the committee recommends that the Minister pursue an access component under the new economic and regional development agreement to provide incremental funding for the roads program.

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo, your motion is in order. Do you wish to speak to the motion?

MR. NERYSOO: Thank you, Mr. Chairman. In the review that the standing committee on finance did, there were a number of issues that we raised, in particular the whole question of the roads program for communities. We are supporting the efforts of the Minister of Public Works and Highways and his pursuit to find funds to improve the roads program for the NWT. We feel that one of the options that would be available to us would be the economic and regional development agreement.

CHAIRMAN (Mr. Wah-Shee): To the motion.

AN HON. MEMBER: Question.

CHAIRMAN (Mr. Wah-Shee): Question has been called. All those in favour? Opposed, if any? The motion is carried.

---Carried

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

Motion To Adopt Policy Position On Multiple Use Of NWT Roads, Bill 1-86(1), Carried

MR. NERYSOO: Mr. Chairman, I move the committee recommend that the government adopt a policy position on the multiple use of roads in the NWT, to promote community development, resource development, forestry access and the tourism potential.

CHAIRMAN (Mr. Wah-Shee): Mr. Nerysoo, your motion is in order. Do you wish to speak to the motion?

MR. NERYSOO: Thank you, Mr. Chairman. As I pointed out a few minutes earlier, we are attempting to support the efforts of the Minister to pursue an access or road construction program under the economic and regional development agreement. But important to that, there should be a policy that recognizes the multiple use of roads for the purposes of community resource development, forestry access and also the recognition that any road construction should also give advantage to our tourist development and tourist potential in the Northwest Territories.

CHAIRMAN (Mr. Wah-Shee): Thank you. To the motion. Question has been called. All those in favour? Thank you. Opposed, if any? Motion is carried.

---Carried

Highways, design and construction. Mr. McCallum.

MR. McCALLUM: Just a question, Mr. Chairman, of the Minister, regarding the intra-territorial road reconstruction transfer responsibilities. He indicated in other areas about the adequacy of funding, once it was contemplated to get these. Is the funding adequate in this particular instance to cover the cost for road construction in the Territories, to contemplate any new highways being constructed within the Territories?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. No, the funding received was not adequate. We had asked for \$7.3 million a year for 10 years and we ended up with \$5.73 million over 15 years. We are also finding that we are having to design our highways to a higher standard than we had originally conceived, because of the increased traffic loads. So, therefore it is causing us some problems. But what it means is that we will just have to stretch out our capital plan now. With regard to new highways, the only one that I am aware of, presently, is the one that is being constructed to Wrigley. In the northern roads program there is planning money for Inuvik/Tuk highway, but only planning money. That is all that I am aware of. Thank you.

CHAIRMAN (Mr. Wah-Shee): Thank you. Highways, design and construction. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman in terms of the highways planning money for the Inuvik/Tuk highway, in reviewing a number of years back, each year there is planning funding for that particular highway. Could the Minister state what the planning is going to be this time?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. GORDON WRAY: Thank you, Mr. Chairman. Actually, I am afraid all that I can report is what they have spent. It is the federal government themselves, the northern roads people who do this. It is not part of our budget. But essentially all I can say is that they spent \$250,000 this year, 1985-86. And in their budget we notice an additional \$200,000 in 1986-87. But as to what their plans for that money are, I am not aware. Thank you.

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

MR. McCALLUM: My understanding according to your preamble, is that you have reached an agreement for the intra-territorial reconstruction program. Is that still on tap for April 1987?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. GORDON WRAY: Correct, Mr. Chairman. We are still targeting it for April 1st, 1987.

CHAIRMAN (Mr. Gargan): Thank you. Highways, design and construction. Ms Cournoyea.

MS COURNOYEA: I did not know I was gone that long, Mr. Chairman, that you forgot my name. In the preamble, it stated that the highway construction is tendered for a three year period. Is that true for ice roads?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. GORDON WRAY: Correct, Mr. Chairman. That is winter roads and ice roads. Some of them are two, and some are one, but we are moving toward three years in all of those contracts, winter and ice.



Highways, Design And Construction, Total O And M, Agreed

CHAIRMAN (Mr. Gargan): Thank you. Highways, design and construction, total O and M, \$1,880,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Highways, Marine Operations, Total O And M, Agreed

CHAIRMAN (Mr. Gargan): Highways, marine operations, total O and M, \$4,415,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Highways, Maintenance Operations, Total O And M, Agreed

CHAIRMAN (Mr. Gargan): Highways, maintenance operations, total O and M, \$15,817,000. Agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Gargan): Mr. McCallum.

MR. McCALLUM: Thank you, Mr. Chairman. During the standing committee meetings, I asked the question whether there had been a change in the policy of winging roads in winter. At the time, the deputy minister indicated that he was not sure but he did not think there was any change in that policy. I wonder if he can confirm that now that the roads, especially in winter, are being winged and that there is not any change anywhere throughout the system in that regard.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. GORDON WRAY: Thank you, Mr. Chairman. There is no change. Thank you.

CHAIRMAN (Mr. Gargan): Thank you. Highways, maintenance operations, total O and M, \$15,817,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Operations, Total O And M, Agreed

CHAIRMAN (Mr. Gargan): Operations, total O and M, \$3,050,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Agreed

CHAIRMAN (Mr. Gargan): Are there any questions on pages 11.16, 11.17, 11.18, 11.19, 11.20 and 11.21? These are information items. No questions. Okay, we will go back to page 11.05, Department of Public Works and Highways, total O and M, \$112,171,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Capital estimates. Major objectives. Are there any general comments? Does the committee agree that we go into the details of the capital?

SOME HON. MEMBERS: Agreed.

---Agreed

Directorate, Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Thank you. On page 8.15, directorate, buildings and works, headquarters. Total directorate, \$45,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Accommodation Services

Buildings And Works, Total Capital

CHAIRMAN (Mr. Gargan): Accommodation services, buildings and works, total headquarters, \$50,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Fort Smith, \$160,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Inuvik, \$144,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Baffin, \$117,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Keewatin, \$83,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Kitikmeot, \$55,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total buildings and works, \$609,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital

CHAIRMAN (Mr. Gargan): Equipment acquisition, total headquarters, \$25,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Fort Smith, \$35,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Inuvik, \$96,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Baffin, \$140,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Keewatin, \$150,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Kitikmeot, \$108,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total equipment acquisition, \$554,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Accommodation Services, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total accommodation services, \$1,163,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Buildings And Works

Buildings And Works, Total Capital

CHAIRMAN (Mr. Gargan): Buildings and works, total headquarters, \$570,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Fort Smith, \$95,000. Agreed? Mr. McCallum.

MR. McCALLUM: Thank you, Mr. Chairman. Where in the region is the garage addition slated for?

AN HON. MEMBER: Fort Smith.

MR. McCALLUM: No, it is not.

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. GORDON WRAY: Thank you, Mr. Chairman. Funding was originally proposed to complete an addition to the Fort Smith garage. However, work on the extension has been stopped and it has been re-examined in light of possible privatization. However, the funding will be utilized to undertake renovations if it is not utilized for an addition.

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

MR. McCALLUM: Thank you, Mr. Chairman. When you say privatization, Mr. Minister, are you talking about highway 5?

CHAIRMAN (Mr. Gargan): Mr. Minister.

HON. GORDON WRAY: No, Mr. Chairman. It has to do with our garage function.

CHAIRMAN (Mr. Gargan): Thank you. Total Fort Smith, \$95,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Inuvik, \$10,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Keewatin, \$30,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total buildings and works, \$705,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital

CHAIRMAN (Mr. Gargan): Equipment acquisition, total headquarters, \$37,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Fort Smith, \$51,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed



CHAIRMAN (Mr. Gargan): Total Inuvik, \$40,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Baffin, \$25,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Keewatin, \$20,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Kitikmeot, \$20,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total equipment acquisition, \$193,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total buildings and works, \$898,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Vehicles And Equipment

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Vehicles and equipment, equipment acquisition, total headquarters, \$68,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Fort Smith, \$234,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Inuvik, \$212,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Baffin, \$95,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Keewatin, \$196,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total Kitikmeot, \$218,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total equipment acquisition, \$1,023,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Vehicles And Equipment, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total vehicles and equipment, \$1,023,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Highways, Design And Construction

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Highways, design and construction, buildings and works. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Highways, Design And Construction, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Total highways, design and construction, \$9,015,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Highways, Marine Operations

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Highways, marine operations, buildings and works, headquarters, total buildings and works, \$260,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Gargan): Equipment acquisition, headquarters, total equipment acquisition, \$92,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Gargan): Total highways, marine operations, \$352,000. Agreed? Mr. T'Seleie.

MR. T'SELEIE: Mr. Chairman, I wonder if I could go back to buildings and works, highways design and construction, under headquarters. I would like to ask, what is going on with the resurfacing of the Prelude Lake access and Ingraham Trail?

CHAIRMAN (Mr. Gargan): Mr. Minister. We are on page 8.24, resurfacing Prelude Lake access. Mr. Minister.

HON. GORDON WRAY: Thank you, Mr. Chairman. The amounts, just to get this correct, are they \$35,000 for resurfacing Prelude Lake access?

CHAIRMAN (Mr. Gargan): Correct.

HON. GORDON WRAY: Sorry, what is the other one, Mr. Chairman?

CHAIRMAN (Mr. Gargan): Mr. T'Seleie, which page are you referring to? Is it 8.24?

MR. T'SELEIE: Yes, on page 8.24.

CHAIRMAN (Mr. Gargan): It is referring to Prelude Lake then, Mr. Minister.

HON. GORDON WRAY: The \$35,000 is to put gravel and a double asphaltic surface between the Ingraham Trail junction and the territorial park. What was the question on the Ingraham Trail?

CHAIRMAN (Mr. Wah-Shee): Mr. T'Seleie.

MR. T'SELEIE: Mr. Chairman, it is just that I noticed that this road is being rebuilt and I was wondering what the government plan is with this road. Are they going to be continuing to rebuild it over the next few years?

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

HON. GORDON WRAY: Thank you, Mr. Chairman. The Ingraham Trail is now the most heavily used highway in the NWT. With the highway now being used for access to the Lupin and various mines there is a major use of this road, so work is going to continue on this road. It started in 1984 with reconstruction of the Madeline Lake and the Pontoon Lake hill area and 1986 funding is for base construction and asphalt treatment, that is from kilometre 19 to 22. Kilometre 22 to 37, there are some serious alignment deficiencies in the road, very bad corners, and funds are going to be expended here, \$43,000 to do the engineering on straightening those bad corners up. Also \$743,000 on kilometre 19 to 28.2 which is essentially asphaltting the surfaces as opposed to gravel because of the cost effectiveness.

CHAIRMAN (Mr. Wah-Shee): Total highways, design and construction, \$9,015,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Highways, marine operations, buildings and works, headquarters, total buildings and works, \$260,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Equipment acquisition, total equipment acquisition, \$92,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Highways, Marine Operations, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total highways, marine operations, \$352,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Highways, Maintenance Operations

Buildings And Works, Total Capital

CHAIRMAN (Mr. Wah-Shee): Highways, maintenance operations, buildings and works, total headquarters, \$30,000.

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Fort Smith, \$160,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total buildings and works, \$190,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital

CHAIRMAN (Mr. Wah-Shee): Equipment acquisition, total headquarters, \$1,593,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total Fort Smith, \$15,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total equipment acquisition, \$1,608,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed



Highways, Maintenance Operations, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total highways, maintenance operations, \$1,798,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Operations

Buildings And Works, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Operations, buildings and works, total headquarters, \$1,065,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Total buildings and works, \$1,065,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Equipment Acquisition, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total equipment acquisition, \$80,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Operations, Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total operations, \$1,145,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total Capital, Agreed

CHAIRMAN (Mr. Wah-Shee): Total department, \$15,439,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Do you have any questions on page 8.29, capital recoveries? That concludes the Department of Public Works and Highways. Does the committee agree that this department is concluded?

SOME HON. MEMBERS: Agreed.

---Agreed

Department Of Finance

CHAIRMAN (Mr. Wah-Shee): I would like to thank the Minister and witnesses. We are now dealing with the department that has all the money, the Department of Finance. Dealing with page 5.03. I would like to ask the Minister if he would like to make opening comments on this department?

HON. TOM BUTTERS: Mr. Chairman, in view of the progress made today possibly you will not wish to get into the detail this afternoon, but whatever, I would like to possibly make my opening remarks before...

MR. McCALLUM: (Inaudible comment)

HON. TOM BUTTERS: Okay, we will try.

AN HON. MEMBER: Speak slowly.

---Laughter

Minister's Opening Comments

HON. TOM BUTTERS: Mr. Chairman, the budget presentation of the main estimates for the Department of Finance for 1986-87 show that fewer dollars will be expended while more dollars will be earned than in the current fiscal year. The 1986-87 operational and maintenance requirements of the department will be \$8.5 million compared with the \$9.5 million approved for the 1985-86 budget year. The main reason for this reduction is the absence of a debt financing requirement. Revenues in 1986-87 are expected to exceed \$76 million, an increase of nearly eight million dollars or approximately 10 per cent over the current year. Person years increased by nine in 1986-87 and that is seven per cent over 1985-86 to a total of 125 person years for the department.

There are four major divisions of activities within the department. The major changes in each division are as follows. Administration; the Kitikmeot Region will have its own computers in 1986-87, taking on the same responsibilities as other regions and so doing, the position of a regional finance manager is required in that region. An increase of \$150,000 is included for headquarters and the costs of computer operations for both the financial information system and pay roll.

Treasury section; the operations and maintenance requirement is decreased by approximately \$1.6 million as a result of the removal of a debt financing item. Salary, operations and maintenance in person years have increased with one new position in insurance, two in credit and collections and two in taxation. The increases in credit and collections are a result of direction from the Executive Council to ensure that all moneys due this government are collected. The taxation section requires additional staff, two person years, to ensure tax compliance to administer the existing taxation regime and to co-ordinate and consolidate the considerable taxation data for use in fiscal policy analysis. Comptrollership; small increases are included in operations and maintenance for general price increases in the comptrollership area and for the new position of data entry operator in the Kitikmeot Region. Fiscal policy; the requirement for the fiscal policy group's expertise has expanded greatly with our formula financing requirements. In 1986-87 it will grow by two new person years for fiscal policy officers and an increase in O an M for salaries. The net increase in revenues expected in 1986-87 is approximately eight million. General revenues and other recoveries will experience some minor decreases. These will be offset by the expected increase in taxation revenues of nearly \$10 million.

That concludes my opening statement, Mr. Chairman. If the committee so wishes we could begin to examine the department's budget in general.

CHAIRMAN (Mr. Wah-Shee): Thank you. Mr. Minister, do you wish to invite any witnesses before this committee?

HON. TOM BUTTERS: Mr. Chairman, I would like to call witnesses to the witness table if the committee would permit. Tom Liss to respond possibly for inquiries to the department as a whole and Eric Nielsen with regard to the fiscal policy section.

CHAIRMAN (Mr. Wah-Shee): Thank you. Does the committee agree?

SOME HON. MEMBERS: Agreed.

---Agreed

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

MR. NERYSOO: Thank you, Mr. Chairman. I do wish to express a couple of areas of concern with the revenue forecast. It is not to suggest the forecast by the department is not correct and not to raise any major concerns. I do have personal concerns in light of the potential closures of the

Pine Point mine with regard to the revenue surrounding that particular mine. Also the whole question of income tax revenue surrounding the oil and gas industry and the potential for that particular industry in reducing its personnel in the Northwest Territories. I would hope that the forecast and the public statements that have been made, whether it is speculation or not, still could be very important in the manner in which our government can raise revenues and, in fact, be able to live up to its expectation on revenue sources and revenues that would accrue to our government. I just wanted to raise that as a particular personal concern as opposed to a concern as a Member of standing committee and the chairman of the standing committee on finance.

CHAIRMAN (Mr. Wah-Shee): Mr. Minister, do you wish to comment on that?

HON. TOM BUTTERS: Mr. Chairman, with regard to Pine Point, it is our expectation that there will be activity of that particular mine for a number of years to come. We do not expect that it will disappear in the next fiscal year.

With regard to the off-shore. The major concern would be our portion of the income tax paid by residents of the Northwest Territories who are working in the off-shore. Obviously we would not and are not getting the taxes paid by people who live in other provinces. Where there may be a diminishment, it would be covered by a fail-safe arrangement we have had with the federal government for a number of years.

CHAIRMAN (Mr. Wah-Shee): Thank you. General comments. Mr. Richard.

#### Taxation Of Northern Benefits

MR. RICHARD: Thank you, Mr. Chairman. On the issue of income tax revenues, Mr. Chairman, the federal Minister of Finance is tomorrow going to be bringing in a budget speech in the House of Commons. There is speculation that we may hear in that speech the Government of Canada's position on taxing of northern benefits -- what has been termed northern benefits. If the decision of the Government of Canada is to tax all of these benefits, Mr. Chairman, it will have an impact on the North. I am wondering if the Minister has any idea of what might be forthcoming and whether the department or the government is ready with a position in the event that these benefits are to be taxed.

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

HON. TOM BUTTERS: Mr. Chairman, the federal Finance Minister, in his December 23rd press release, did indicate that while he is requesting that there be a moratorium extended for the 1986 taxation year, he would be addressing the matter of the taxation of northern allowances in his budget tomorrow. When I spoke with Mr. Wilson some three weeks ago, he assured me that this would be the case and obviously he was not going to tell me the formula or the solution they used to address this matter. I am hopeful that the representations made, not only by this government but by many other organizations and groups in the Northwest Territories, will have had effect on that decision and that the matter will be resolved in a manner which is beneficial to northern taxpayers.

CHAIRMAN (Mr. Wah-Shee): Thank you. General comments. Mr. McCallum.

MR. McCALLUM: Mr. Chairman, I know that when we were dealing with this particular department in the standing committee on finance, it was indicated there that the 1985-86 main estimates were such and such but the revised forecast was much smaller, that is, smaller in the total O and M that was required, I think from \$9.5 million approximately to \$7.8 million. Could I just get some idea of what was the cause of the decrease and what happened to that money? I am looking at the O and M from the main estimates because that was highlighted in the presentation that we were given in the standing committee on finance. In 1985-86 it was pretty near \$9.5 million for O and M but the revised forecast, as we went through with supps, was a decrease of down to about \$7.8 million. What was the reason and what occurred with the \$1.6 million?

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

MR. TOM BUTTERS: If the Member and committee Members will cast their minds back to a year ago when I sat in this chair, that when I came to the debt financing page of some \$1.8 million that you had voted on that occasion, I advised I would bring forward a negative supp and that we would pay off our debts so that we would not carry that debt load into the future and this is what we have done.

We paid off those outstanding debts and I believe I circulated to the Members long lists of those obligations that we had with Canada and therefore there is no requirement to carry a debt financing element into the next year's budget. It was the interest on the debt, the \$1.8 million.

CHAIRMAN (Mr. Wah-Shee): Thank you. General comments. Does the committee agree that we go into budget detail? Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Administration, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Administration, total O and M, \$2,230,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Treasury, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Treasury, total O and M, \$1,985,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Comptrollership, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Comptrollership, total O and M, \$3,998,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Fiscal Policy, Total O And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Fiscal policy, total O and M, \$255,000. Agreed? Mr. Gargan.

MR. GARGAN: Thank you, Mr. Chairman. I was looking at the wrong page. I will wait for the next one.

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

MR. NERYSOO: Thank you, Mr. Chairman. Through you a question to the Minister, what are the new tax initiatives that are going to be introduced in 1986-87 if there are any? And is the department going to prepare a tax regime for 1986-87 and what new tax sources are currently being considered?

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

HON. TOM BUTTERS: Mr. Chairman, there are no new tax initiatives in the 1986-87 budget, with the possible exception of some revenue opportunities we may be able to establish under the Taxation Act, which Mr. Wray will be producing through pipeline assessment and taxation. I think as the Members of the standing committee on finance are aware, we had looked at introducing a pay roll tax and a tax credit but unfortunately we are not able to proceed with that because of concerns by the federal Department of Finance that the action that we were contemplating or were asking them to become involved with us in would be contrary to the charter. That initiative which would have raised in this fiscal year we estimate some \$3.6 million in new taxes did not go ahead for that reason.

Yes, there are other possibilities being considered. We have not, by any measure, given up the expectation of the pay roll tax. We feel with the anticipated leakage of revenues to southern Canada through both summer workers who come into the North for construction purposes and people



involved in offshore exploration, that there should be approximately some \$4.5 million there. We will continue to pursue that. I look forward to the motion that was given notice of this morning, being debated in this House because if that is accepted and approved by the House it will give us an opportunity to approach the federal government over the ensuing months with a much stronger position and much more greatly supported position than we did.

So we are looking again at the pay roll tax. It has remained as a possibility for three or four years. It remains a current option. Although we have not wished to embark on this particular course, there is the sales tax possibility. We as a government, and not only this particular government but previous governments as well, have been very loathe to get into the sales tax regime because the government has felt that people already are taxed by the physical distance of their residences from southern distribution centres, southern production centres. So we have stepped away from and stepped back from the sales tax but that option is always there and always a real possibility and probably could raise a significant amount of money. Members know we have the lowest percentage of the federal tax levied in any Canadian jurisdiction at 43 per cent, if we were to increase that percentage say to, I think the Yukon is 45 per cent, if we were to increase that to the Yukon level that would be some \$1.8 million possibly in increased revenue to us. So that is another potential source of revenue. We could look and we have looked at a capital tax which has a number of drawbacks. Those are some of the possibilities. There are probably others that I have neglected to mention but it is a very active responsibility of the fiscal policy group and all those possibilities and others are under active examination.

CHAIRMAN (Mr. Wah-Shee): Thank you. Fiscal policy, total O and M, \$255,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

#### Detail Of Work Performed On Behalf Of Third Parties

CHAIRMAN (Mr. Wah-Shee): Information items, detail of work performed on behalf of third parties. Mr. Gargan.

MR. GARGAN: Yes, Mr. Chairman, under power subsidy programs, is this under the user-pay policy that was implemented, this power subsidies expenditure? Mr. Chairman, there was a user-pay program implemented last year sometime and I am just wondering whether the power subsidy here is based on the user-pay policy that is in place now?

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

HON. TOM BUTTERS: No, Mr. Chairman, there is no relationship. It is an annual program which is put into place by the federal government each year, a year at a time, and subsidizes the power paid by consumers in the more remote communities.

CHAIRMAN (Mr. Wah-Shee): In some remote communities. Ms Cournoyea.

#### Implementation Of Inuvialuit Land Claims Settlement

MS COURNOYEA: Mr. Chairman, I realize the line of question I am getting into would probably also involve the Minister of Aboriginal Rights but it also involves several other departments in their collective issue to gain implementation funding from the federal government. When the Inuvialuit land claims settlement was proceeded with and it was duly signed, one of the areas of concern that was addressed, and positively addressed by the federal government, was the cost to this territorial government. For the past year we have attempted to negotiate the implementation of that claim and it was because of the Inuvialuit who felt that in that claim there would be certain costs accrued to this government. As a result the various departments including the Department of Public Works, the Department of Local Government, Justice and Public Services, Renewable Resources and the various governments, put in a budget in terms of how much it would cost them to implement the claim. This funding was supposed to be available a year and two months ago and this was agreed to by the federal government.

A couple of weeks ago the final agreement went through the final process in Treasury Board and then subsequently the restraint on the government purse strings at the federal level was put into place and complications have set in. It seems that in order to implement any claims and if all the areas

have been covered with due respect to different people's jurisdictions, that we are in a bit of a financial problem because expenditures have occurred through the territorial government and through the Inuvialuit themselves. The understanding in drawing out the process was that the federal government would back-fund the expenses that both this government and the Inuvialuit incurred in the areas where they have justified implementation expenditures that would be required.

Minister Crombie will be coming to the Northwest Territories, March 5th and 6th. At this stage, and with your knowledge of what is happening at the territorial level, and in fact the budgets have finally been approved and with the restraint, is there any new knowledge that the federal government is going to be coming forth with their commitment to this government and to the Inuvialuit for the implementation of that agreement?

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

HON. TOM BUTTERS: Mr. Chairman, the situation described by the honourable Member for Nunakput is exactly as the situation occurred. This government has had a Treasury Board submission developed in conjunction, I believe, with the Inuvialuit experts and it has been in Ottawa for some 14 months. In mid-January we learned that the matter was finally going to be considered by the Treasury Board but also heard that the GNWT portion which we had put forward was to be reduced by, over a five year period some \$750,000, I believe it was, on a very arbitrary basis. The reason for that we understood was because of parks development in the northern Yukon, which we as a government had been told would not have to be included in the Treasury Board submission as it was going to go into Environment Canada's A level budget, therefore, it was not included in either the Yukon government's nor the NWT government's Treasury Board submission.

Not only that. Lately, we have heard that there has been another reduction of the submission that we put forward. I am not quite sure of the amount but it was something we had not expected. As a result, the Executive will have before it in the next couple of days, because these decisions have been made in the very recent past, a decision as to how we are going to respond to this reduction. We feel that the legal obligations of the land settlement legislation have been identified and that our submission was submitted in keeping with that legislation. We feel that it reflects the requirements of this government to comply with that legislation. In view of the indications that reductions have been made to the submissions, the Executive will be looking at the strategy we might use to address that fact, whether we would look at an appeal, and if so, to whom and by what method.

A few minutes ago, the Minister responsible for the Aboriginal Rights and Constitutional Development Secretariat indicated to me that he and his staff are also very active with the Inuvialuit officials to work out a joint approach to the federal government to ask for re-examination of the Treasury Board decision, in an attempt made to have adequate levels of funding provided to the Inuvialuit and to this government to carry out our obligations under the legislation.

CHAIRMAN (Mr. Wah-Shee): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, in view of some of the discussion that has taken place during my absence, I am aware of the kinds of feelings and emotions that have been put through, that the land claims settlement would hamper and curtail and take away from others who are living in the Northwest Territories. The real reason for the Inuvialuit working with the territorial government to make sure that the settlement would enhance this government rather than take away from it was indeed those implementation funding criteria that were set out, as well as the review after two years to see how much it would cost this government.

I feel that a strong submission or proposal should be put forward to the Department of Indian and Northern Affairs: that if they do not deal at this level honestly and above board and if they do not take into consideration what the Inuvialuit and other native groups would want to see -- that they have significant settlements but still have other people feeling that it is going to take away something from the territorial government or any other department that is responsible for other programs in the NWT -- that their actions are creating a feeling that things are not taking place at the pace that they should be. I feel that the kind of feelings that will be generated, not only from others who live in the area but the expectations of the Inuvialuit who want to see this thing move forward -- the feeling is that this is the first land claims settlement and that I believe everyone would want to see it work effectively. The support from the territorial government hinges

on the funds being transferred from the federal government to the territorial government and is very significant in having this smooth turnover and support from everybody in our area. Mr. Chairman, I feel that is of utmost importance and I hope that when Minister Crombie is up in Inuvik and this situation has not been resolved, that the Minister of Finance make himself available to join with us to have this resolved. Thank you.

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

HON. TOM BUTTERS: That long question would appear to just require a "yes" or "no" answer. The answer in a more extended way is that I did sit down with Mr. Crombie some three weeks ago on the matter when I was in Ottawa. Not only did I write him previous to that occasion but I sat down with him and I went over this situation. I would advise the honourable Member through you, sir, that Mr. Crombie is very supportive. The reduction in the Treasury Board submission has not come, in my assessment, at the hands of the honourable Minister for Indian Affairs and Northern Development. He has received direction from cabinet and it is the Treasury Board decision that reduced the funding available. So I think that we have an ally in Mr. Crombie and it will be a good opportunity to speak with him when he is in Inuvik to determine his feeling on how the matter might be approached.

I would just indicate that while there has been a reduction in the amounts being made available by Treasury Board, money has been made available by the federal government and there will be an immediate start on the programs that have been identified as most urgent to begin to move on. So there will be no delay, I would say, in getting programs into place while we examine the implications of the Treasury Board decision and determine how we might reapproach them for reconsideration of this particular request.

CHAIRMAN (Mr. Wah-Shee): Thank you. Any further questions on detailed work performed on behalf of third parties? Mr. McCallum.

Northern Preference Policy And Filing NWT Income Tax

MR. McCALLUM: Thank you, Mr. Chairman. I am not sure if it comes under detail of work performed on behalf of third parties and I am not sure whether I could address the question to the Minister, but talking about taxing initiatives and everything else, your government does have a policy of providing northern preference for work done by various companies and contracts and everything else. I wonder if, in fact, these contracts or companies who do work in the Territories, whether there is a requirement or part of it in getting this preference or whatever the term is now -- business incentive -- whether in fact these companies have to pay their taxes within the Territories and if not, I wonder if there is a means by which this could be accomplished? Maybe it comes better under Government Services, I am not sure, Mr. Chairman, but the Minister carries both of these portfolios. I sometimes wonder with some of the companies that get northern preference whether in fact they do file income tax in the NWT. If I should not be addressing that to the Minister here you could let me know but I would like to get some idea somewhere along the line of that.

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

HON. TOM BUTTERS: Mr. Chairman, I think the question might more properly come under Government Services, if we are looking at the criteria that go into the business incentive policy. If it is relative to how we identify a northern company.

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

MR. McCALLUM: Thank you, Mr. Chairman. As I prophesied, it may very well be better addressed under that but I am thinking of the means of ensuring that the government is getting their taxes. If we are giving preference to companies, corporations, or whatever you want to call them, to do work in the Territories, can these companies be required to pay their taxes in the North? Now it may be that they are, I just wonder about it. If I should properly address it to the Minister when he is wearing his Government Services hat then I will do so. What I am looking at is the implication of taxation revenue.

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



HON. TOM BUTTERS: Mr. Chairman, I believe there are two issues involved here. I will respond to the matter with regard to the business incentive policy when we get to Government Services. But there seems to be a question on businesses paying taxes in the North, relative to their pay rolls and relative to the amount of work they do here. Maybe I could get Mr. Nielsen to address that. It would appear to be the area that Mr. McCallum is getting at so I will ask Mr. Nielsen to address that matter.

MR. NIELSEN: Mr. Chairman, with respect to corporate income tax, corporations in the NWT pay tax at a rate determined by the NWT but on the basis of income earned according to federal legislation. The tax system in Canada provides for income tax allocation between provinces dependent upon where the corporation does its business and the number of people that they have employed. So in the case of a contractor doing business in the NWT, they should in fact be looking at the number of employees that they have up here in relation to their total employees and the proportion of business that they do up here in relation to their total business, and pay a corporate income tax accordingly. It is much more complex than that and we do not have all of the details on individual companies but certainly if there is one company that is suggested, we could look into that company to find out precisely how much corporate income tax they did pay.

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

MR. MCCALLUM: Thank you, Mr. Chairman. I hesitate to take any particular company. I am not thinking of any one. Mr. Nielsen said they should, he used the word "should" -- in fact do they have to? You said that they should pay that tax on a proportionate basis. Do they indeed pay it?

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

HON. TOM BUTTERS: Mr. Chairman, there is a requirement under the law and we are assuming that the companies are aware of that requirement and are obeying the requirement. To determine whether a specific company is so doing would require, as Mr. Nielsen indicated, an examination of that particular company's income tax filing.

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

MR. APPAQAQ: (Translation) Thank you, Mr. Chairman. I forget where we are. I think I would like to ask a question on page 5.05. Are we there?

CHAIRMAN (Mr. Wah-Shee): Page 5.12, detail of work performed on behalf of third parties. Mr. Appaqaq.

#### Power Subsidy Programs

MR. APPAQAQ: (Translation) Thank you, Mr. Chairman. I would like to ask a question concerning the people who are not working for the government. They probably have their own business and they will have to be paying for the electricity and fuel. This can be quite expensive when the income is low. For the people who have their own homes, will it be advantageous to them or a disadvantage? I would like to know concerning this. Thank you.

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

HON. TOM BUTTERS: Mr. Chairman, there is both a domestic and a commercial subsidy provided in the smaller communities. The subsidy is available to all residents, as I understand it, if they fit the particular category. It is not limited to employees of government. So, yes, it is an advantage to people to avail themselves of this subsidy whether they are operating a small business or just residing in the particular community.

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

MR. GARGAN: Thank you. Mr. Chairman, I just wanted to ask the Minister if he could provide me with information on the power subsidy program.

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



HON. TOM BUTTERS: Yes, Mr. Chairman and any other Member who would wish to receive copies. I do not know if it has been translated. Just to follow up again on Mr. Appaqaq's question, in the domestic subsidy it occurs automatically. On my power bill it is built in to the total and deducted. If you are an operator of a small business then it is required of the business person to make application to receive the subsidy. I can provide Mr. Gargan and Mr. Appaqaq with details of both policies.

Revenue, Recoveries And Transfer Payments

CHAIRMAN (Mr. Wah-Shee): Thank you. Page 5.13, revenue, recoveries and transfer payments. Mr. Richard.

Fair Share Of Corporate Income Tax

MR. RICHARD: Mr. Chairman, I wonder if I could just follow up on Mr. McCallum's questioning. Is the department perhaps able to do some sort of an audit with the assistance of Revenue Canada, to do some review so that the department or government can say with some confidence that we are receiving our share of corporate income tax according to law? The Minister has confirmed that the Income Tax Act appears to set out a fair allocation among the provinces and Territories as to where the corporate income tax is to be paid. Mr. McCallum, I think is asking, in fact is that being done? Is there not a way that the department with the assistance of Revenue Canada could do a brief audit? The large corporations that do business in the North and who are making a profit and who are paying income taxes collected by the Government of Canada surely are not large in number. It should be reasonably easy to ascertain whether we are receiving our fair share of corporate income tax.

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

HON. TOM BUTTERS: We believe, Mr. Chairman, that we are receiving our fair share of both corporate and individual income tax. I guess one of the reasons that our concern may be to a degree allayed is the fact that we do have the fail-safe arrangement. So in the event that our projection is less than we have in our budget then it is made up as a result of our agreement with the federal government.

We have had occasion, in the recent past, to seek from Revenue Canada the type of material which the honourable Member has described in his question. We do not have an audit capability ourselves in that regard nor would we be permitted by Revenue Canada to carry out such an audit. However, they are very responsive and co-operative to any specific and particular request to examine the returns of a particular and specific corporation. In recent past we have had the requirement to approach Revenue Canada for this information and we have received this after a slight delay. The problem that we have found, and I have advised the Hon. Elmer MacKay of this is that because of the manner in which Revenue Canada files its material it is sometimes very, very difficult to retrieve. I have indicated to Mr. MacKay and other provincial revenue Ministers that it would be very helpful to us in our planning and in our projections with regard to taxation regimes, if Revenue Canada could retrieve a lot of this material much more quickly than it is able to do at present. In fact more current materials, say of the last two years, may not be available to us. The earliest year we were able to get, when we sought such information some two months ago, was the 1982 taxation year.

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

Taxation On Real Property Outside Tax-Based Municipalities

MR. MacQUARRIE: Thank you, Mr. Chairman. One of the bills before the House is a bill that seeks to amend the Taxation Act which is an act that applies to taxation on real property outside of tax-based municipalities. During the review the question arose as to the rate of recovery, well, not recovery, the rate of receiving taxes that are assessed. The Department of Local Government indicated it provides the assessments but does not collect the taxes and had no information or knowledge about whether all of the taxes assessed are in fact paid. If not, what is the rate generally that would be received annually, the percentage of those assessed? I suppose we could ask whether there are occasional tax sales. Could you just tell us a little bit about the department's role in recovering taxes on real property outside of tax-based municipalities?

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

HON. TOM BUTTERS: I would ask Mr. Liss to respond to this. He might have more specific information on that particular matter.

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

MR. LISS: In regard to any taxation amount that has been assessed, the Department of Finance pursues the collection of those taxes right to the ultimate end and occasionally it ends up in a land sale in order to recover the tax, but these instances are very few.

CHAIRMAN (Mr. Wah-Shee): Thank you. Revenue, recoveries and transfer of payments. No problem. Page 5.14, distribution of budget. Mr. MacQuarrie, did you have a supplementary?

MR. MacQUARRIE: Yes, just for clarification. I guess what you are saying is that in the end you do get all of the taxes that are owing under that Taxation Act.

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

HON. TOM BUTTERS: Yes, our expectation is that we collect the vast majority of the amounts owing.

CHAIRMAN (Mr. Wah-Shee): Thank you. Mr. T'Seleie.

#### Taxation Of Hunters And Trappers

MR. T'SELEIE: Mr. Chairman, I would like to ask the Minister a question about the taxation of trappers. I asked the Minister this last year during the budget session and he informed me then that trappers were being taxed by Revenue Canada in the same way that people that are self-employed are taxed. I wonder if the Minister could tell me if all trappers have to file an income tax return, whether they have taxable income or not?

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

HON. TOM BUTTERS: Mr. Chairman, Revenue Canada expects every self-employed person who earns income to complete and file an income tax return. In this regard, hunters and trappers are not an exception. I would point out though, that in so filing, it does not mean that the person would have a taxable income. There are other benefits too in ensuring that a person does file in that low income, earners may also be entitled to a child tax credit. That credit can only be obtained when the individual completes and submits a tax return.

CHAIRMAN (Mr. Wah-Shee): Thank you. Mr. T'Seleie.

MR. T'SELEIE: I will not point out the obvious problem with this. It comes as a surprise to me because I guess I did not realize that people had to file an income tax return whether they had taxable income or not. In the past I know that people only had to file income tax returns if they had taxable income. This is not the Minister's department but he knows it is a complicated process to file a return. I also wanted to ask the Minister whether or not the territorial government has any say in exempting trappers from a part of the tax that they have to pay.

CHAIRMAN (Mr. Wah-Shee): You want to give us a short answer there, Mr. Minister?

HON. TOM BUTTERS: Only, I guess, through the medium of persuasion, Mr. Chairman. I have approached two Ministers of Finance in succession, both Mr. Lalonde and Mr. Wilson just three weeks ago, and while I found them fairly sympathetic they both have taken a similar line in being unwilling to look at some of the major initiatives which we suggest would improve the lot of trappers. I have not given up on this because Mr. Wilson, as recently as three weeks ago, was still willing to consider what could be done to improve the situation with regard to the trapping industry. It is my intention and my hope that once Mr. Wilson's budget is delivered that we can bring him into the North to visit some of the smaller communities and see for himself why we have recommended that write-off of goods should be 100 per cent in any one year and that equipment used by the trapper, in the sense of skidoos and toboggans, should be written off much more quickly than is permitted under the current arrangement. I think we are making a little bit of progress but as yet we have not got agreement from either federal Minister to establish a separate regime for hunters and trappers analogous to that provided for agriculturalists and the fishing industry.

Total 0 And M, Agreed

CHAIRMAN (Mr. Wah-Shee): Thank you. Total 0 and M, \$8,468,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): Does the committee agree that this department is concluded?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Wah-Shee): I would like to thank the Minister and his witness on behalf of the committee. Mahsi cho. I shall report progress.

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

ITEM 16: REPORT OF COMMITTEE OF THE WHOLE

REPORT OF COMMITTEE OF THE WHOLE OF BILL 1-86(1), APPROPRIATION ACT, 1986-87

MR. WAH-SHEE: Mr. Speaker, your committee has been considering Bill 1-86(1) and wishes to report progress with four motions being adopted and requests leave to sit again.

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: Mr. Clerk, announcements and orders of the day please.

CLERK OF THE HOUSE (Mr. Hamilton): Announcements, Mr. Speaker. All Members are asked to attend the meeting of the special committee on rules, procedures and privileges immediately after adjournment in the caucus room. There will be a meeting of the standing committee on finance tomorrow morning at 9:30 a.m. There will also be a caucus briefing with the Science Institute tomorrow at 11:30 in the caucus room.

ITEM 17: ORDERS OF THE DAY

Orders of the day for Wednesday, February 26th, 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
13. First Reading of Bills
14. Second Reading of Bills
15. Consideration in Committee of the Whole of Bills and Other Matters: Bills 1-86(1), 3-86(1), 7-86(1)
16. Report of Committee of the Whole
17. Orders of the Day

MR. SPEAKER: Mr. Butters.

HON. TOM BUTTERS: Mr. Speaker, in view of the speed with which the House is examining the budget for 1986-87, I wonder whether there may be some consideration given tomorrow to availing ourselves, sometime in the afternoon, to take in the honourable Finance Minister's address which is at 2:30 tomorrow afternoon. Maybe the House might consider recessing during that time, sir, because I believe that it will be addressing the taxation on northern allowances and maybe other items which will have direct significance and implication for Members of this House.

MR. SPEAKER: Thank you, Mr. Butters. I shall put that question to the House tomorrow at the appropriate time and we shall abide by the wishes of the House. Thank you, Mr. Clerk. This House stands adjourned until Wednesday, February 26th at 1:00 p.m.

---ADJOURNMENT



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