



LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

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YELLOWKNIFE, NORTHWEST TERRITORIES

TUESDAY, MARCH 1, 1983

MEMBERS PRESENT

Mr. Appaqaq, Mr. Arlooktoo, Hon. Tom Butters, Ms Cournoyea, Mr. Fraser, Mr. Kilabuk, Hon. Arnold McCallum, Mr. McLaughlin, Hon. Richard Nerysoo, Mr. Pudluk, Mr. Sibbeston, Mrs. Sorensen, Mr. Wray

ITEM NO. 1: PRAYER

---Prayer

Recognition Of Members Of National Energy Board

DEPUTY SPEAKER (Mr. Fraser): Before we go into the orders of the day, I would like to recognize members from the National Energy Board in the gallery. Mr. Geoffrey Edge, chairman; Mr. Digby Hunt, associate vice-chairman; Jacques Farmer, associate vice-chairman and chairman of the pipeline panel; Sandra Fraser, legal counsel; Larry Gales, NEB project manager, Norman Wells.

---Applause

Item 2, Members' replies. Item 3, oral questions. Mr. Kilabuk.

ITEM NO. 3: ORAL QUESTIONS

Question 48-83(1): Water Tank In School At Pangnirtung

MR. KILABUK: (Translation) Mr. Speaker, this is a question to the representative of DPW, Arnold McCallum. I mentioned the water tank in the school at Pangnirtung and he told me he was going to find out from the regional director in Baffin region. I want to know if you could tell me before I leave what has been happening to that school water tank. That is all. Thank you.

MR. DEPUTY SPEAKER: Mr. Minister.

HON. ARNOLD McCALLUM: Mr. Speaker, I made the commitment when we were dealing with the Department of Public Works that I would have an answer from the department regarding that question that Mr. Kilabuk asked during our debate on the estimates of the department. I will attempt to ensure, as far as possible, that before we leave this particular session that I will have an answer for him.

MR. DEPUTY SPEAKER: Thank you, Mr. McCallum. Item 3, oral questions, Mrs. Sorensen.

Question 49-83(1): Issues Concerning National Energy Board

MRS. SORENSEN: Thank you, Mr. Chairman. My question is for the Minister of Energy, Mr. Nerysoo. Since the members of the National Energy Board are in the gallery, I think it would be fitting that I ask you a question considering the meetings that you have been holding with the members. In particular, my question deals with reference that the National Energy Board has had from Minister Munro and Minister Chrétien concerning an investigation into rates and other matters with respect to the Northern Canada Power Commission. I noticed in a press release that your division issued on February 15th that you mentioned that there are serious jurisdictional implications that will have to be addressed by the National Energy Board before it proceeds with its review. I agree that there are problems with jurisdiction, and I wonder if those problems have been resolved. In addition to that, I would like to know whether Mr. Munro has responded to your strong letter of February 18th, in which you asked the Minister why there was no co-operation with our government with respect to this involvement of the National Energy Board in the affairs of the Northern Canada Power Commission and the NWT.

MR. DEPUTY SPEAKER: Thank you, Mrs. Sorensen. Mr. Nerysoo.

Return To Question 49-83(1): Issues Concerning National Energy Board

HON. RICHARD NERYSOO: Mr. Speaker. Just to respond to the honourable Member indicating that the issues were raised this morning with regard to the concerns we have, particularly with regard to the possibility of overlapping jurisdictional issues. The members of the National Energy Board did not see it as a particular major concern in their eyes and there were no serious discussions with regard to authority nor jurisdiction because they clearly indicated that it is not their responsibility. I have not received a response from the federal Minister to the letter that I sent to him, and I would hope that the Minister would be replying as quickly as possible.

MR. DEPUTY SPEAKER: Thank you, Mr. Minister. Item 3, oral questions. Mr. McLaughlin.

Question 50-83(1): NCPC Increases In Rates And Additional Surcharge, Pine Point

MR. McLAUGHLIN: Thank you, Mr. Speaker. I too have a question for the Minister of Energy, and it concerns NCPC, as well. Is the Minister aware that even though NCPC raised its rates to consumers in Pine Point 19 per cent recently, last year they again raised the rates six per cent -- something which will have grave consequences for the mining operation there. Is he also aware that people in Pine Point recently had in their bills the following notice which had nothing to do with the 19 per cent and six per cent? It says: "The enclosed bill includes the revised fuel clause adjustment which alters the effective rate for kilowatt hour when compared with the present published rate structure. This adjustment is necessary to compensate for fuel price changes experienced by the commission since establishing the present base energy rate." People in Pine Point are on a hydro power facility. There is no diesel generation for consumers in Pine Point except at the mine, and the mine pays directly to NCPC over 100 per cent of the cost of that facility. Is the Minister aware that individual consumers in Pine Point who are on a hydro system are being charged a diesel surcharge now?

MR. DEPUTY SPEAKER: Mr. Minister.

Return To Question 50-83(1): NCPC Increases In Rates And Additional Surcharge, Pine Point

HON. RICHARD NERYSOO: Mr. Speaker, I certainly am not aware of that because I did not receive any notice at all, but the reality is that the Public Utilities Board will be holding hearings with regard to the rate increases that have resulted from NCPC's recent rate increases and hopefully we will be able to get some answers now. I will certainly indicate to the Member that I will be requesting additional information with regard to the additional charges that are now being asked of his constituents.

MR. DEPUTY SPEAKER: Thank you, Mr. Minister. Item 3, oral questions. Item 4, written questions. Ms Cournoyea.

ITEM NO. 4: WRITTEN QUESTIONS

Question 51-83(1): Staffing Of Inuvik Public Health Unit

MS COURNOYEA: Mr. Speaker, I have two questions to the Minister of Health and Social Services, Kane Tologanak. Would the Minister provide this Legislative Assembly with an update on the staffing of the Inuvik public health unit?

Question 52-83(1): Hiring Of NWT National Health And Welfare Regional Director

Would the Minister provide this House with an update on the hiring of an NWT National Health and Welfare regional director.

MR. DEPUTY SPEAKER: Thank you, Ms Cournoyea. Item 4, written questions. Item 5, returns. Are there any returns? Mr. Nerysoo.

ITEM NO. 5: RETURNS

Return To Question 4-83(1): Study Of Marine Life, Hall Beach Area

HON. RICHARD NERYSOO: Mr. Speaker, it is a return to written Question 4-83(1) asked by Mr. Evaluarjuk on the 4th of February, 1983, with regard to a study of marine life in the Hall Beach area.

I support the request from the residents of Hall Beach for studies of marine life in the northern part of Foxe Basin. Our staff has been in contact with Department of Fisheries and Oceans personnel who have informed us that they will be conducting aerial surveys of marine mammals in the Igloodik and Hall Beach area this year and plan to expand these surveys in 1984. The Department of Fisheries and Oceans plans to meet with the residents of Igloodik and Hall Beach during June and July of this year to hear their concerns and to get further information on local marine resources. Presently, it is not foreseen that the mine in the Hall Beach area will have any significant detrimental effects on the marine life in this area with the exception of possible effects of vessel traffic. However, the data being collected from the studies will help assess and mitigate these concerns.

MR. DEPUTY SPEAKER: Thank you, Mr. Minister. Any further returns? Mr. Butters.

Further Return To Question 37-83(1): New Staff Housing Lease Agreement

HON. TOM BUTTERS: Mr. Speaker, I have a return to the question that the honourable Member for Yellowknife Centre asked on February 22 with regard to leases and staff accommodation. I know that he is not in the House but possibly I could read it into the record and he can familiarize himself with the contents and the debate.

The government is in the process of implementing a new lease document to be completed for all employees occupying staff accommodation. The lease was developed in direct response to the recommendations of the 1979 task force on housing and was drafted in accordance with the provisions of the Landlord and Tenant Ordinance.

Clause 1(1) of the lease agreement states that "The tenant covenants and agrees with the landlord as follows: not to leave the premises unattended for longer than: i) seven days during the period from May 1st to September 30th in any year; and ii) 24 hours during the period from October 1st to April 30th in any year, without the written consent of the landlord. The landlord shall make every reasonable attempt to ensure that the tenant's request for an extended vacancy is accepted. The landlord will take all reasonable steps to ensure that the premises are maintained during such extended vacancy."

The clause was developed specifically for housing units where the government is responsible for maintenance services. When units are vacated by tenants for extended periods in winter, there is a danger of freeze-up and damage to equipment. The Department of Public Works conducts regular checks to avoid such damages if they are aware that the tenant is not occupying the unit. Tenants who find themselves in this situation often arrange with friends or relatives to check the premises on a regular basis and in such cases the unit is not considered to be unattended. Therefore, it is not necessary to have the written consent of the landlord in such circumstances. However, where it is not possible to make such arrangements, tenants are expected to obtain the consent of the landlord to avoid damage to government property and equipment. A new clause is being prepared to apply specifically to units of apartment accommodation. The clause will merely require the tenant to notify the landlord if they expect to leave the apartment vacant for a period in excess of seven days.

MR. DEPUTY SPEAKER: Thank you, Mr. Butters. Are there any further returns? Mr. McCallum.

Return To Question 45-83(1): Halt By Contractor In House Building In Cape Dorset

HON. ARNOLD MCCALLUM: Mr. Speaker, the honourable Member for Baffin South, Mr. Arlooktoo, asked on February 23rd the question regarding the rehab work, the contractor and why that contractor was removed. I have the following reply:

The Housing Corporation withdrew all contracts issued to Noral 49, a construction company, on December 21, 1982. That was because of the extreme financial difficulties experienced by that company. We have hired a trainer/foreman to complete the job and work is expected to resume on March 6, sometime later this week, and it will utilize eight local people. The new construction arrangements were discussed with the secretary manager of the Cape Dorset housing association on February 18.

If I may, Mr. Speaker, with the indulgence of the House just indicate, that Noral 49 was awarded contracts not only in Dorset but also in Grise Fiord, Broughton Island and Gjoa Haven. In Dorset, as I indicated, we have made arrangements to get a trainer/foreman in on March 2 who will employ eight local people. The project is expected to take 19 weeks to complete. In Grise Fiord we have hired a trainer/foreman but that trainer/foreman will not be in the community until the 15th of March. We expect that that job will require about 16 weeks to complete.

In Broughton Island we have hired a trainer/foreman, as well, and work will begin on March 6. We expect that it will take 21 weeks to complete the project in Broughton Island. As far as Gjoa Haven is concerned, we have already begun work in this community and we are going to utilize local labour and a trainer/foreman as well.

So in all cases that involve contract work for rehab with Noral 49, we have withdrawn contracts because of their financial situation and we have made arrangements, in consultation with the local housing associations to get that work begun within a matter of two weeks at the outmost.

MR. DEPUTY SPEAKER: Thank you, Mr. McCallum. Item 5, returns. Are there any further returns? Item 6, Ministers' statements. Mr. McCallum.

ITEM NO. 6: MINISTERS' STATEMENTS

Minister's Statement On Role And Responsibilities Of Associate Minister Of Aboriginal Rights And Constitutional Development

HON. ARNOLD McCALLUM: Mr. Speaker, I would like to make a statement on behalf of the government regarding the role of the Associate Minister of Aboriginal Rights and Constitutional Development. During the ninth session of this present House, the Commissioner was asked to further define the role of the Associate Minister of Aboriginal Rights and Constitutional Development and to outline the division of responsibilities between the Minister, Mr. Wah-Shee, and the Associate Minister, Mr. Patterson. The Commissioner wishes to advise this House that after meetings with the two Ministers and a subsequent discussion by the Executive Committee the following terms of reference have been established for the Associate Minister, the Hon. Dennis Patterson.

His purpose will be to assist the Minister of Aboriginal Rights and Constitutional Development in carrying out Mr. Wah-Shee's overall responsibilities but with special emphasis on the eastern Northwest Territories, or Nunavut. Mr. Patterson's responsibilities will be as follows. In co-operation with the Minister, Mr. Wah-Shee, and under his overall direction Mr. Patterson will: 1) direct the participation of the Government of the Northwest Territories in the Inuit Tapirisat of Canada aboriginal rights negotiations; 2) pursue political development initiatives on behalf of the Government of the Northwest Territories in the eastern NWT; and 3) he will assume responsibility for the Ministry in the absence of the Minister. In regard to authority in carrying out these responsibilities, Mr. Patterson will have ministerial level policy and financial authority as well as the authority to utilize staff of the secretariat as required to assist him.

The Commissioner also advises the House that the Hon. Mr. Wah-Shee will continue to provide overall direction to the Aboriginal Rights Secretariat and will direct the participation of this government and the Dene/Metis and COPE negotiations. The Hon. Mr. Patterson, as chairman of the Nunavut Constitutional Forum, will of course be working closely with ITC, COPE and other members of the Nunavut Constitutional Forum on political development matters.

In the pursuit of their duties the Ministers receive direction from time to time from the full Executive Committee, and any draft positions and policies in which this government plays a part are placed before the Executive Committee.

MR. DEPUTY SPEAKER: Thank you, Mr. McCallum. Are there any further Ministers' statements? Ms Cournoyea, item 6.

MS COURNOYEA: Mr. Speaker, I just want a clarification of the statement made by the Minister. Is he saying that the Minister of Aboriginal Rights and Constitutional Development, Mr. James Wah-Shee, will still be responsible for the Inuvialuit land claims negotiations?

MR. DEPUTY SPEAKER: Ms Cournoyea, you cannot debate Ministers' statements. You will have to ask that question tomorrow. Any further Ministers' statements. Item 6?

Item 7, petitions.

Item 8, reports of standing and special committees.

Item 9, tabling of documents. Item 10, notices of motion. Ms Cournoyea.

ITEM NO. 10: NOTICES OF MOTION

Notice Of Motion 16-83(1): Commercial Airline Operator's Licence For Resource Air

MS COURNOYEA: Thank you, Mr. Speaker. I give notice that on Thursday, March 3rd, 1983, I will move that this Legislative Assembly support the position of the NWT commercial airline operators in their opposition to the issuance of a broadened operating licence to Resource Air; and further, that this Legislative Assembly support the NWT commercial operators to have a public hearing on this matter; and further, that this Legislative Assembly recommend to the Executive Committee that it intervene in such a public hearing.

MR. DEPUTY SPEAKER: Thank you, Ms Cournoyea. Item 10, notices of motion. Item 11, notices of motion for first reading of bills. Mr. Butters.

ITEM NO. 11: NOTICES OF MOTION FOR FIRST READING OF BILLS

Notice Of Motion For First Reading Of Bill 2-83(1): Supplementary Appropriation Ordinance, No. 2, 1982-1983

HON. TOM BUTTERS: Mr. Speaker, I give notice that on Thursday, March 3rd, 1983, I shall move that Bill 2-83(1), An Ordinance Respecting Additional Expenditures for the Public Service for the Current Financial Year, be read for the first time.

MR. DEPUTY SPEAKER: Thank you, Mr. Butters.

Item 12, motions.

Item 13, first reading of bills. Mr. Butters.

ITEM NO. 13: FIRST READING OF BILLS

HON. TOM BUTTERS: Mr. Speaker, I seek unanimous consent to give first reading to Bill 2-83(1) at this time.

SOME HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: Unanimous consent. Are there any nays?

---Agreed

Mr. Butters, proceed.

First Reading Of Bill 2-83(1): Supplementary Appropriation Ordinance, No. 2, 1982-1983

HON. TOM BUTTERS: Thank you, sir. Mr. Speaker, I move, seconded by the honourable Member for Slave River, that Bill 2-83(1), An Ordinance Respecting Additional Expenditures for the Public Service for the Current Financial Year, be read for the first time.

MR. DEPUTY SPEAKER: Thank you. To the motion.

AN HON. MEMBER: Question.

MR. DEPUTY SPEAKER: Question being called. All those in favour? Down. Opposed?

---Carried

Bill 2-83(1) has had first reading.

Item 14, second reading of bills. Item 15, consideration in committee of the whole of bills, recommendations to the Legislature and other matters.

ITEM NO. 15: CONSIDERATION IN COMMITTEE OF THE WHOLE OF BILLS, RECOMMENDATIONS TO THE LEGISLATURE AND OTHER MATTERS

Bills 1-83(1), 6-83(1), 7-83(1), 8-83(1), 9-83(1), 10-83(1), 11-83(1), 12-83(1), 13-83(1), 14-83(1), 15-83(1), 16-83(1), 17-83(1), 18-83(1), 20-83(1). We will continue in committee of the whole, considering bills and recommendations, with Mr. Pudluk in the chair.

PROCEEDINGS IN COMMITTEE OF THE WHOLE TO CONSIDER BILL 1-83(1), APPROPRIATION ORDINANCE, 1983-84

Department Of Public Works

Total O And M, Highways, Design And Construction

CHAIRMAN (Mr. Pudluk): Now this committee will come to order. Last Friday, we were on page 10.09, highways, design and construction, \$894,000, and there was a motion on the floor, Mr. Wray's motion. I think everybody has a copy of that motion now. To the motion.

MR. WRAY: Question.

CHAIRMAN (Mr. Pudluk): Are you ready for the question? Mr. McCallum.

Further Discussion Of Motion To Clarify Responsibility Of DPW, Highways Division, For Roads And Highways

HON. ARNOLD McCALLUM: Mr. Chairman, I do not want to get into a debate on the motion, but may I be allowed to comment on it because I think some of the comments that were raised in dealing with the motion dealt with definitions of highways and roads, etc. The motion indicates that we should develop a policy which will clarify that the highways division of DPW has the responsibility for the design, construction and provision of maintenance funds for highways and roads within the NWT presently funded by the Department of Local Government. I would like to indicate to the Members of this committee what the position of the Department of Public Works to the division of highways is at the present time.

First and foremost, I should say that the mandate for program development and delivery rests with the Department of Local Government and it should remain with that department. Secondly, the mandate for implementation of construction related to the program rests with the Department of Public Works and that should remain there. That is where it belongs. I attempted on Friday to make a distinction between highways and roads within communities. I hope that there is now some appreciation of the distinction between what is commonly referred to as a "highway" and what well may be referred to in a community as a "road", "street", "throughway" or whatever.

The Department of Local Government is at the present time attempting to instil a sense of responsibility in communities for exercising judgment and making decisions on priorities and program delivery by giving more responsibility for municipal programs to the level of government that is closest to the people. If the program for municipal streets were transferred to DPW, it would, in my opinion, isolate one aspect of community development from all the other development that would go on within the community and would, I suggest to you, raise a conflict in the kinds of priorities that the municipal level of government would attempt to make. In my opinion, the program should remain with Local Government so that there is a consistent approach to community development. It would guarantee some flexibility and discretion in developing program priorities.

The Department of Public Works through its highways division has the mandate now for the implementation of construction aspects of programs. That includes pre-engineering, site surveys, design, hiring of consultants if they are required, and construction. I think that is consistent with the mandate that Public Works through its highways division has at the present time, and as it relates to the implementation of other programs.

Mr. Chairman, I am not going to get into an argument about a policy that would clarify our responsibility for the design, construction and the provision of maintenance funds that presently rest with the Department of Local Government. We have a role to play in it and it is my considered opinion that our mandate, our role, should be vetted by this committee and the role of the Department of Local Government should be vetted as well.

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

AN HON. MEMBER: Question.

Motion To Clarify Responsibility Of DPW, Highways Division, For Roads And Highways, Defeated

CHAIRMAN (Mr. Pudluk): Question has been called. All those in favour, please raise your hands. Down. Opposed? The motion is defeated.

---Defeated

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

Highways, design and construction, \$894,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Highways, Maintenance Operations

CHAIRMAN (Mr. Pudluk): Highways, maintenance operations, \$12,754,000. Mr. Minister, do you want your deputy minister, Mr. Elkin, to appear as a witness?

HON. ARNOLD McCALLUM: Qujannamiik. Iksivautaq.

CHAIRMAN (Mr. Pudluk): Sergeant-at-Arms, would you escort Mr. Elkin in to appear in the House? Is this House agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pudluk): Thank you. I would like to welcome Mr. Elkin who is appearing at the witness table. Mr. Wray.

MR. WRAY: Mr. Chairman, I have a question for the Minister. Within these three highways departments that are outlined in the budget here there are 156 person years. I wonder if the Minister could tell me how many of those positions presently reside in what is known as the Eastern Arctic.

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

HON. ARNOLD McCALLUM: Mr. Chairman, the question asked was how many of the total people involved in highways in the three divisions are in the Eastern Arctic. I will ask the deputy minister, Mr. Elkin, to respond to that. We have at the present time 117 continuing person years in it. The others are casual but these are person years and Mr. Elkin, I know, will be able to answer the question.

CHAIRMAN (Mr. Pudluk): Mr. Elkin.

MR. ELKIN: Mr. Chairman, at this time there are 2.8 permanent man years and one casual employee in the Eastern Arctic.

CHAIRMAN (Mr. Pudluk): Thank you. Highways, maintenance operations, \$12,754,000. Mr. Kilabuk.

MR. KILABUK: (Translation) Mr. Chairman, I have a question. Regarding water reservoirs, sometimes they have to go somewhere else besides the regular water reservoir and in Pangnirtung we might have to get our water from across the lake or the river. I wonder if this highway would be -- I wonder if anybody could help me with this? Whom might I be able to get an answer from because we might not have water reservoirs. The reason I raise this question is because I know we might be running out of water by spring. I wonder if we could make a road like right away. Should I consult with the Department of Local Government or am I talking to the right person? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. ARNOLD McCALLUM: Mr. Chairman, I think the Member is dealing with water supply within a municipality or hamlet and I think that more properly belongs to the Department of Local Government.

CHAIRMAN (Mr. Pudluk): Thank you. Highways, maintenance operations, \$12,754,000. Mr. Wray.

MR. WRAY: Mr. Chairman, just a quick statement. Given that of 117 positions the Eastern Arctic has 2.8 it should be obvious to Members of this House where the emphasis of that department lies and it is certainly not in the Eastern Arctic.

Total O And M, Highways, Maintenance Operations, Agreed

CHAIRMAN (Mr. Pudluk): Thank you. Highways, maintenance operations, \$12,754,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Energy Conservation, Agreed

CHAIRMAN (Mr. Pudluk): Energy conservation, total O and M, \$197,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Detail Of Capital

CHAIRMAN (Mr. Pudluk): Detail of capital, \$11,588,000. Mrs. Sorensen.

MRS. SORENSEN: Mr. Chairman, on page 10.12 there are two items that are of interest to me. The architectural services 11 man years at \$650,000 and project management 12 man years for engineering services at \$725,000. It was my understanding that we were no longer going to be capitalizing those man years and that they, in fact, were going to show up under the appropriate division of the department. Now I see that they are being capitalized and can you tell me what has happened between the time that your department appeared before the standing committee on finance and the time that these main estimates were printed?

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

HON. ARNOLD McCALLUM: Mr. Chairman, may I have the deputy minister respond to those questions?

CHAIRMAN (Mr. Pudluk): Mr. Elkin.

MR. ELKIN: Mr. Chairman, your understanding of what is to happen is correct. The reason that the man years for those two divisions still are shown under this area here is that what is required is an approval for that change from Ottawa so that funding can be moved from the capital grant to the O and M grant. It was not possible to achieve that to go into effect April 1st and that will not be possible to achieve until April 1st, 1984.

CHAIRMAN (Mr. Pudluk): Thank you. Supplementary, Mrs. Sorensen.

Changed Position Of Man Years In Main Estimates

MRS. SORENSEN: Mr. Chairman, I wonder if the Minister could explain to the House why, within a period of three years, we went from having these man years appear under the appropriate division to having them capitalized and now go back to the former situation that appeared previous to 1979. What has happened in the interim to have the government change the way that it is showing these man years in the main estimates?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. ARNOLD McCALLUM: Mr. Chairman, I recognize the Member has asked the question of me. May I beg her indulgence and have the deputy minister respond to the way that things have gone?

CHAIRMAN (Mr. Pudluk): Mr. Elkin.

MR. ELKIN: Mr. Chairman, the reason that positions directly related to the construction of a project are charged to a capital program rather than to O and M came about as a result of circumstances three years ago where the level of funding in capital that we were able to secure from Ottawa was greater than we could acquire through O and M. Therefore the Executive Committee determined at that time that, since these positions were required, it would be better to capitalize those positions where it could be clearly shown that the only reason that they existed at all was because of the size and magnitude of the capital program that we had to carry out at that point.

Since instituting that, there are two things that have happened. First, I regret to say that both in capital and in O and M because of the economic climate in Canada and because of the overall restraint we have problems in each of those areas. Second, we have found that through capitalization of some positions and other positions being charged to O and M, it is a very complicated

process to keep track of and we feel that it is desirable for all headquarters jobs related to projects to be charged to O and M and only those positions in the field that are directly employed on the site of a project, to be charged to the capital itself.

CHAIRMAN (Mr. Pudluk): Thank you. Mrs. Sorensen.

MRS. SORENSEN: Am I right, when I say that the Auditor General and the comments of the Auditor General had nothing to do with this change? Was it basically a matter of not having enough dollars now in capital to fund those capitalized man years?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. ARNOLD McCALLUM: Mr. Chairman. The Member's comments are correct.

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital, \$11,588,000. Mr. Wray.

MR. WRAY: Mr. Chairman, a question for the Minister. I notice under energy conservation, of the \$1.16 million there has been no dollar allocation to the Keewatin region. Is that because the work has already been done there or is it because the government does not think we have to conserve energy in the Keewatin?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. ARNOLD McCALLUM: Mr. Chairman, I am trying to find the backup in terms of that particular question. May we just hold that for a moment and come back to it? Mr. Chairman, would that be all right with the Member if I can come back to it in a few moments before we get too far away from it?

CHAIRMAN (Mr. Pudluk): Mr. Wray.

Fuel Tank Berms, Baker Lake

MR. WRAY: I have another question. On page 10.15, under Keewatin region, I notice once again there is no money allocated for the construction of fuel tank berms around the four tanks presently in the middle of Baker Lake containing about 600,000 gallons of fuel; nor is there any money allocated for the moving of those tanks which has been requested by the community since 1973. Basically, the community is saying that if one of those tanks lets go, then there is going to be 200,000 gallons of fuel oil flooding into every staff house and public house that sits in front of it. I am just wondering why this is not being made a priority of DPW because the problem has certainly been there and has been identified time and time again. I wonder if I could have a response to that as well, please.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. ARNOLD McCALLUM: Mr. Chairman, again I would have to determine why. In Rankin Inlet we are upgrading fuel tank berms. If there is concern in Baker Lake, then we would hope to be able to respond to it. If there is a concern and that has been identified, we would try to work with Government Services to see that there is something done. If Government Services recognize and indicate that there is a need for an upgrading or some work to be done in Baker Lake as to the fuel tank berms, we would do the work for them. It has not been identified within the coming year as being a priority. Again, we are doing the work on behalf of a client department because setting that priority comes under the Department of Government Services. I would take the concern that is noted by the Member for Keewatin North and, in consultation with my colleague, Mr. Butters, perhaps we will be able to respond to it.

CHAIRMAN (Mr. Pudluk): Mr. Wray.

MR. WRAY: Mr. Chairman, the fuel tanks in Baker Lake are presently in contravention of every law that the federal and territorial governments have for the containment of fuel oil. There is approximately 600,000 gallons of fuel situated within about 1000 feet from a fresh water supply with no containment facilities whatsoever in the event of an oil spill. Thank you.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. ARNOLD McCALLUM: Mr. Chairman, I would simply indicate that I appreciate the information and again I would talk to my colleague, Mr. Butters, on behalf of Government Services. If the situation is such, there must be a reason for prioritizing the work that should be done as regards fuel tanks and the berms around them, and I will raise it with him. I appreciate the comments he has made and if there is a situation that has to be corrected by this government, I am sure that between both departments, we would be able to rectify the situation.

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital, \$11,588,000. Mr. Wray.

MR. WRAY: Mr. Chairman, I am still waiting for the reply to my question under energy conservation.

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

Energy Conservation In Keewatin

HON. ARNOLD McCALLUM: On page 10.15 there is an amount of money under the Keewatin region dealing with staff housing and energy conservation in the amount of \$350,000. These would include major repairs and upgrading and the energy conservation measures are involved in that. That has been the submission that we made in the Keewatin on behalf of Baker Lake. However, that is the only submission that we have received in terms of energy conservation from that region. So Baker Lake staff houses will be looked at in terms of repairs for energy conservation with the major repairs on page 10.15. We have not heard in terms of anything else from the region in that regard.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. Wray.

MR. WRAY: Mr. Chairman, I wonder if the Minister could indicate who is responsible for identifying energy conservation needs for the various regions. Obviously, somebody has identified needs under energy conservation for all the other regions and I am just wondering why nothing is identified for the Keewatin region. Is it because there is nobody in that region right now working on energy conservation?

CHAIRMAN (Mr. Pudluk): Thank you.

HON. ARNOLD McCALLUM: Mr. Chairman, the government has embarked upon a program of energy conservation. In regard to staff housing, that obviously comes from the regional headquarters through the regional DPW where we are concerned with staff housing at that level. However, we have not fallen back on energy conservation; we are open to any kinds of requests that would come to the government for energy conservation of any kind. This is what has been identified through our regional division of Public Works and through the regional director. So the individuals or individual concerned are the people within our regional administrative centre.

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital, \$11,588,000. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, when you are asking for an agreement on the various budgets, I realized we were discussing these without a quorum. I do not feel comfortable agreeing or not agreeing without a quorum.

CHAIRMAN (Mr. Pudluk): Thank you very much for your concern. We have lost the quorum. We are going to have a recess until we have a quorum.

---SHORT RECESS

Detail Of Capital, Agreed

The Chair recognizes a quorum again. Detail of capital, \$11,588,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

O And M, Agreed

CHAIRMAN (Mr. Pudluk): Page 10.01, O and M, \$79,738,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Capital, Agreed

CHAIRMAN (Mr. Pudluk): Page 10.01, capital, \$11,588,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Pudluk): Mr. McCallum.

HON. ARNOLD McCALLUM: Mr. Chairman. If I may, there were several questions asked, I think, on Friday regarding specific concerns and I suggested I would come back with some information. May I have the indulgence of the committee to read a response to those particular questions?

CHAIRMAN (Mr. Pudluk): Is this House agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pudluk): Go ahead, Mr. Minister.

HON. ARNOLD McCALLUM: One of the questions asked by the Member for Yellowknife South concerned contracts that were renegotiated during the term, were either not fulfilled or completed by another contractor or by the government itself. I understood that the question related to the incidents where a contractor would bid low on a job to guarantee success in obtaining the work and then force renegotiation because of financial hardship due to the low bid or for whatever other reasons. I assume within that context, the question related to contracts for major projects, that is, projects over \$100,000 and not service contracts or minor works. Within that frame of reference, to the best of our information, within the past three years, there have been no contracts renegotiated or no contracts that were not fulfilled that would necessitate completion by the government or another contractor. Prior to the last two or three years there may very well have been contracts in those categories done by the Department of Public Works.

Winter Road Costs

Mr. Fraser asked a question regarding winter roads and a comparison of the costs in 1981-82 and 1982-83, and whether the government was doing it or a contractor. I suggested that we would be able to bring back that kind of information.

In 1981-82, the department performed most work by its own forces, but it did not build the section between Fort Norman and Norman Wells. The latter section was opened by a private contractor for his own purposes. In 1982-83, all the work including that section was performed by contract work. So we could only make a comparison between the sections north of Camsell Bend to Fort Norman and Fort Franklin. That was the first time in 1981-82 that the department opened the road north of Camsell Bend so we did not make a significant expenditure into developing the route, creating detours, etc.

The following summarizes the costs relating to the winter roads. In 1981-82, Camsell Bend to Fort Norman to Franklin, contract work was for \$95,751; contract forces -- and that would be our own staff -- was \$167,243; for a total of \$262,994. In 1982-83 to date, the contracts that have been awarded are \$199,701. Our own forces have done \$12,326. That gives us a grand total then, of \$212,027. We project to the end of the fiscal year in 1982-83 that that total will rise to \$292,364, so there is a difference there, that is, by doing it by contract rather than by our own forces.

From Fort Norman to Norman Wells, in 1982-83, we put out \$72,200 out of \$73,700, and we project that we will have to add approximately \$20,000 more to the contract work and maybe \$1000 more to our own forces, which would bring the total to \$95,400. As I had indicated in the beginning, in 1981-82 the work was not done at that time, so in effect it has been costing us more to do it by contract than it is by our government forces.

Contracts Awarded, Keewatin Region

I have some further information. I think these were the maintenance and capital contracts awarded through the Keewatin regional Public Works offices. We have done work to convert seven classrooms to houses in Rankin Inlet in the amount of \$254,000; we have renovated the Rankin Inlet office

for \$37,365. These were done by a local contractor in Rankin Inlet, Sanajit Construction. The rewiring of staff housing, the wiring of the KVTC workshop, and the wire dispensing unit at the airport in Rankin Inlet were all done by Kudluk Electric in the amount of \$23,000. They were all done by local contractors. We installed ventilation in Eskimo Point in the service office there. That was done by a Winnipeg firm for \$5000, and we maintained some generators with a Winnipeg firm for \$3000.

The only significant project, other than the ones I have just indicated, that was handled through the Keewatin regional Public Works office by other than DPW staff was the staff housing renovation project. This was done by casual labour because of the difficulty preparing contract documents, that is, for specifications and drawings, for several different jobs that involved a variable requirement. By going to casual labour, we identified certain problems; we attempted to correct them as the work proceeded. This was not possible to do by contract where the plans and specifications have to be well detailed in advance. We hired 3.6 man years from the South and we hired four man years from the North, that is, helpers and tradesmen. Perhaps Mr. Elkin can come back later with the information from the contractor regarding the roof of the Baker Lake school. I would ask him to read that out later.

Pangnirtung School Water Tank

I just have two other very brief things to reply to. One was the Pangnirtung school water tank that Mr. Kilabuk raised. The water in the water storage tank was found to be below acceptable health standards. The condition resulted from inadequate cleaning of the tank itself. The tank should be cleaned yearly. As yet we do not know why it was contaminated but the department is looking into it. It has been subsequently cleaned and tested just last week and found to be acceptable by the environmental health office. They were installed in the beginning when the school was constructed in the late 1960s, early 1970s. The water supply then in the community was very limited. There was no reservoir at that time. Since then, of course, the water supply has been increased; a reservoir has been constructed. The population has increased as well. The codes and standards used to determine the size of tanks in such a building had been upgraded and they had been better defined. The matter had not been brought to our attention previously but in listening to the comments of the Member and looking at it, we agreed that there should be a further upgrading of those water tanks. We will as a department look into that and present a proposal to the Department of Education for their consideration and, of course, they would have to fund it, but we will be looking and trying to do something about it.

Road Surfacing

There was some concern that was raised about suggested highway definitions on Friday. I would simply like to talk about paving and chip-sealing and hard-surfacing, if I may, very briefly. In paving, you have an application of a mixture of asphalt and aggregate to the surface to provide waterproofing, strength and a more durable smooth-wearing surface. Paving is normally carried out to 1.5 to three inches of thickness. In chip-sealing which is the program that we have been testing and dealing with in certain communities -- it is also known as surface treatment -- there is an application of liquid asphalt to the surface followed by a single layer of aggregate normally less than one inch thick. It is used to waterproof but primarily to prevent dust situations and to try to stabilize the material that would be eroded or worn away as the usage is increased. Hard-surfacing, which really can include both paving and chip-sealing, depends upon the kinds of experiments that we are doing now in certain areas, and we would be looking at what is more feasible as we go along. Mr. Chairman, I would like to ask Mr. Elkin to respond very briefly to the question that was raised by Mr. Wray regarding the Baker Lake school roof and the lack of usage of local labour in doing that work.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. Elkin.

Repair Of School Roof, Baker Lake

MR. ELKIN: Mr. Chairman, Members will recall that the question raised was, for that school, no local people were employed. I would like to confirm that in fact, this statement is totally correct. There are, however, some reasons for these circumstances. The repair of roofs is a very, very specialized job. There are only two or three firms across Canada as a whole that can handle that kind of a job. In terms of the particular school in question here, all of the people that were brought in were skilled tradesmen; they did end up doing a few of the minor labouring jobs that are always involved in any job.

This project is not typical of the kinds of projects we have. For example at Cape Dorset, there is a community hall being built where the local involvement of the community is almost the total staff except for the foreman and except for a few of the trades involved. The position of the department is that wherever possible a maximum number of local employees and local firms are to be used on all jobs.

With regard to this school and the very specialized work that had to be performed, it was not possible to have local persons in the community employed; we were, however, able to employ the firm that had -- I think the pronunciation is Sisyamut Cartage; they are a firm that transported supplies and \$30,000 was paid to that firm. Also, for the tradesmen staying in the Iglu Hotel, \$41,000 was paid to that hotel as well.

CHAIRMAN (Mr. Pudluk): Thank you. I would like to thank the deputy minister, Mr. Elkin, for having appeared at this witness table at this time. Thank you very much. Also, I would like to thank the Minister responsible for the Department of Public Works. Before we go to the Department of Government Services, I would like to take a 15 minute break for coffee, and make sure you come back on time. I will try anyway.

---SHORT RECESS

Department Of Government Services

The Chair recognizes a quorum now. Now we are going to the Department of Government Services. Page 9.01. Mr. Minister Tom Butters, would you like to make any opening remarks?

HON. TOM BUTTERS: Thank you, Mr. Chairman. Yes, I would and following these remarks, I will take my place at the witness table and ask the indulgence of the House to invite John Quirke, deputy minister of the department to join us.

The Department of Government Services has undergone some major changes since the 1982-83 main estimates review. The responsibility for motor vehicles and the NWT liquor system is now part of this department. The energy conservation unit, however, has been transferred to the Department of Public Works. Another major change reflected in the 1983-84 main estimates is that the headquarters component of computer services has been placed on charge-back. The budget base has been transferred to all government user departments which now are required to pay for computer services such as computer processing time and storage of data. When one takes into account these interdepartmental transfers, the department's O and M budget of \$11,342,000 represents a 4.8 per cent increase. The department experienced no growth in its discretionary O and M as the \$606,000 increase received is for salaries and non-discretionary freight and telecommunications accounts. The department has allocated five new person years and all five were for use in the regional offices in Fort Smith, Rankin Inlet and Cambridge Bay.

The department's capital expenditure for 1983-84 is set at \$9,031,000. However, three projects are currently being reviewed for either deferral to 1984-85, or deletion. These are the aviation tank farm project for Spence Bay, the safety and hazard program for the Kitikmeot region and the POL vehicles for Cape Dorset. On the revenue side, the department is also forecasting that it will collect \$1.5 million from the sale of motor vehicle licences and permits revenue, and \$8,150,000 from the sale of liquor and from fees levied by the Liquor Control Board.

Mr. Chairman, I wish now to speak briefly about the various sections of the Government Services department: that is the directorate, the supply services, office services, systems and computer services, motor vehicles, petroleum products and the liquor control system.

Directorate

The directorate, as well as co-ordinating the activities of the department, is responsible for preparing the administration's position on transportation issues and policies. For example, the directorate recently co-ordinated the intervention of the Government of the NWT on Dome's Resource Air Inc. application and Panarctic's Rigel Air, and participated with DIAND, MOT and the Yukon Government in the northern transportation conference held in Whitehorse in October of 1982.

The directorate contains the department's finance function with one of its key responsibilities being the payment for all goods and services contracted through the Department of Government Services. The directorate is also reviewing present government contracting to determine the degree of need for a central contracting agency. The directorate also administers the office

furniture and equipment budget for the entire government. This year, the budget is half a million dollars, which is a \$300,000 reduction from last year. Approximately half of the money will be spent providing furniture and equipment for the additional person year allotment for 1983-84, while the balance will be used for replacing worn-out equipment, as well as buying computer terminals and word processors.

Supply Services

The supply services division, Mr. Chairman, is responsible for delivering materials and services. Specifically, it provides purchasing, transportation and warehousing services including the disposal of assets for all government departments.

One of the most important functions in supply services is the implementation of the northern preference policy. Under this policy 37 standing offer agreements have been signed with northern vendors. As you know, the policy requires that tendering be done in the North, if the goods are available, up to a value of \$5000. I am pleased to advise this Assembly that from December 1st, 1981 to December 1st, 1982, a total of \$33,620,000 has been purchased from vendors in which \$7,105,000 or 21 per cent was purchased directly from northern businessmen. A year ago, we purchased only \$4,940,000 from northern suppliers or in other words northern suppliers represented only 13 per cent of our purchases at that time. In one year while overall government spending is down five per cent, spending in the North increased by 44 per cent. This division is also responsible for maintaining a directory on all northern contractors. The booklet which explains the northern preference policy has recently been released and northern contractors have been urged to submit their application forms to Government Services to ensure they will benefit from this policy.

The supply services division is also responsible for the administration of the transportation assistance program. This program is aimed at lowering the cost of living in the least accessible communities such as Pelly Bay. One flight of food and essential goods has already been flown into Pelly Bay and another flight is scheduled for this month. In 1983-84 Snare Lake, along with Pelly Bay, will benefit from such a program.

During this session, the department will be seeking approval to write off surplus stock from our revolving funds. To ensure such funds are managed effectively, the department has taken steps to reduce the funds by \$100,000 each in the Fort Smith and Frobisher Bay regions, since in both these regions it is expected the private sector can supply, or is capable of providing many of the goods we currently carry in inventory. I expect both these funds to show dramatic decreases within two years.

Office Services

The division of office services is responsible for such services as mail and telecommunications as well as records and forms management. A major problem in the records area relates to the development of a records management program for the entire government. Much government correspondence is currently stored in filing cabinets that should be either discarded or placed in the relevant archives. To provide storage facilities for dead files, the department plans to construct a mezzanine in the government warehouse for \$345,000, an initiative which will provide us with storage space, but not a records management program.

Systems And Computer Services

The systems and computer services division is responsible for the delivery of all computing resources and the related information processing system development and systems support services. The government systems, such as FIS, health and social services, Polaris, property taxation, student records and payroll run on three Hewlett-Packard computers. Our investment in computers and related equipment is valued at some four million dollars. To protect this valuable equipment and our irreplaceable computer data bank, we are building a new computer facility which will also provide additional office space for government staff.

One of the major changes to occur in this division is to place the headquarters component of computer services on charge-back. Systems development has been on charge-back for a number of years now. Placing the delivery of computer resources -- computing resources and expertise on a charge-back basis is expected to result in significant improvements to the overall effectiveness of this critical area. The operations and maintenance costs will be recovered from the user departments with heavy users paying proportionately more. As a result, the cost of computing will soon become more visible in the user departments. Management will become more aware of the real costs of providing these services and will be more inclined to control these costs. Planning and control will be strengthened by having the user departments bring forward and substantiate their requirements through the normal budgetary approval process.

Mr. Chairman, I do not intend to say very much about the liquor control system. Earlier in the session the profit and loss statement for the system was tabled in the Assembly. As in the past I will be passing on to consumers all increases in product and related costs assessed to this government.

The motor vehicles division is responsible for the enforcement of the Vehicles Ordinance, the Public Service Vehicles Ordinance and the pertinent regulations. This division is responsible for driver training and registering all vehicles. In the area of enforcement the weigh scale operation is the largest component. The Vehicles Ordinance is presently being redrafted and I hope to table the new ordinance at the spring session of the Legislative Assembly. Mr. Chairman, I would like to point out that due to the six and five restraint program it was decided not to increase various fees for licences and permits.

Petroleum Products

I now come to the division that provides the greatest challenge for the department, the petroleum products division. Through the petroleum products division the government provides fuel to over forty communities not served by the private sector. Since Government Services assumed the responsibility of this division, the directorate has improved the management and control of this program. However, much still remains to be done.

In February and March of 1982, the department undertook the most extensive inventory taking this government has ever experienced. The result was that \$2.6 million of unrecorded fuel was identified as an increase in inventory which has contributed to the unusual profit that the POL revolving fund recorded at the end of the fiscal year 1981-82. This inventory discovery throws into doubt the 1979-80 recorded loss of one million dollars in the POL revolving fund. During the 1980-81 year end closing, management became very concerned on what appeared to be deficiencies in the computerized Polaris system. Internal audits were performed and with the Auditor General's report of 1981-82 deficiencies were confirmed and an evaluation of the Polaris system has been undertaken. It is estimated that over \$300,000 will be required to upgrade the Polaris system.

The department is also faced with the task of remeasuring all the government's 365 storage tanks. A sample test was performed this summer of 35 tanks and 33 tanks tested had to be adjusted in the Polaris system. The correction ranged from 30 litres to 50,844 litres. To measure the remaining 330 tanks it is estimated that these procedures would cost between \$500,000 to \$800,000.

The division has continued to collect vigorously all receivables. Collection efforts have greatly improved and accounts over 90 days now represent 34 per cent of receivables. At the same time last year they amounted to 42 per cent of receivables. In 1981-82 \$305,000 in accounts were written off while to date this year the write-off has only been some \$13,000.

In October 1982, Mr. Chairman, the government raised its fuel prices by six per cent. I cannot assure you that the increase in fuel prices for 1983-84 will be held to five per cent, however. The retail pricing formula which has been in effect since 1976 is being changed as many elements in the present formula require re-examining. I also would like to point out that we are examining regional zone pricing as well as different dates for price increases.

It has long been recognized that many of the day to day operational problems of POL could be solved by the decentralization of many of the tasks to the regions. The concept of such decentralization will be reviewed by the Executive Committee in the near future. The 1983-84 capital plan for POL is \$3,655,000. The tank farm projects in such communities as Fort Franklin, Lac la Martre, Coppermine and Gjoa Haven will be completed. New tank farm construction will occur in Tuktoyaktuk, Hall Beach and Pond Inlet.

One project requiring much attention is the extension of the natural gas pipeline in Norman Wells. The present rate of natural gas consumption is edging closer to the capacity of Esso's plant. The amount the government purchases is for 20,000 cubic metres per day, which is distributed to the community. Since the Esso plant's capacity is limited, we may not be able to expand our services and offer new hook-ups to the present distribution system. The alternative would be for consumers to use heating oil. However, that situation is still under current and active examination. Mr. Chairman, I will now move to the witness table and ask that you receive permission from the committee to invite Mr. Quirke, the deputy minister for the department, to assist me in responding to any detailed questions.

CHAIRMAN (Mr. Pudluk): Is this House agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pudluk): Sergeant-at-Arms, please. I would like to welcome Mr. Quirke for appearing at the witness table. Now the general comments and questions. Ms Cournoyea.

MS. COURNOYEA: Mr. Chairman, in the general set-up in the supply of petroleum services to communities and the quantities handled by this government and the fact that there are international and national negotiations going on that will be bringing down the price on petroleum products, how soon would that be affecting the communities that the territorial government has supplied or have you taken any reading on that?

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

HON. TOM BUTTERS: Mr. Chairman, as the Member mentions, we are anticipating getting a very favourable bid on our fuel oil requirements this year. We will be very soon putting out our tender call on that matter. However, on delivery of such fuel the price that is developed is a result of the aggregate of the value of the cost of the fuel in the tanks and the fuel added to those tanks. So I would expect that this new economic climate would not really redound to the benefit of the consumers in the communities until about 10 to 12 months down the line, if it is advantageous at all.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, the normal procedure is that it is equalized. This is the explanation we have received in the past. Taking into account the old fuel bought at the old price and the new fuel bought at the new price normally, the equalization has gone up. If we are going to buy at a more favourable price this season, when I am wondering, that fuel is pumped into the tanks within the communities, would that be equalized down?

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

Service Operates On Break-Even Arrangement

HON. TOM BUTTERS: Mr. Chairman, it is not the intention of this government or of this service to make a profit. We intend to operate on a break-even arrangement, so that the Member would have our assurances that the best price we can develop would be passed on to the consumer. You will notice, when you look at the profit statement, that we have some \$4.5 million shown; \$2.6 million of that, I think, is related to the increased inventory that was found when a very close examination of our tankage was carried out, and the remainder relates to various elements included in our costing system. I think I mentioned in my opening remarks that we are looking at a new costing system, and hopefully that may remove some of the elements that now affect the cost. But at the present time it is pretty risky for me to project just what the increase will be in 1984-85.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Further to the Minister's statement regarding the discovered shortage that was reported to us when a rationale for pricing was given in last years estimates, is that adjusted now? Obviously, I would think when the calculations were made with that shortage in mind, the cost probably went up to recover that. If it did or did not where is that reflected in the price decrease now that you have it when you thought you did not have it in 1979-80?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, in the sense of balancing out, the advantages that we may have gained from increased inventory have permitted us to charge a six per cent increase in the coming year. I think that had that situation not occurred, we might have a little bit of difficulty going with the six per cent increase. So we are using that advantage to pass on the six per cent increase only during the coming year.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, does the calculation show that you would have an extra amount to be applied to this coming year, above the six per cent that would be passed on to the communities?

HON. TOM BUTTERS: Mr. Chairman, I will let Mr. Quirke answer this, as he is probably more familiar with the detailed calculations.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

Many Factors May Affect Next Years Prices

MR. QUIRKE: Thank you, Mr. Chairman. When we arrived at the figures and prices for the 1982-83 fiscal year, by the time the reconciliation occurred where we found that unrecorded inventory, as the Minister said, it helped cushion the blow of the price increases for this year. We were looking, at one particular time, at upwards of a 15 per cent increase. With this new-found inventory, it did hold the price to six per cent. In this type of cushioning, when we looked at next years prices, there may be a spill-over effect, but it is very difficult for us to determine right now. As the Minister has mentioned, we really cannot say what the effect of prices will be, or how they will be arrived at next year. There are many other factors occurring right now. The Alberta-Canada agreement is being renegotiated from a point of view that, while prices of the world product goes down, taxes are going up. So it is going to be very difficult for me to indicate specifically what prices we will be recommending to the Executive Committee, but there may be some type of cushioning effect. Thank you.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, in the past the rationale on why the price of petroleum and petroleum products in the communities went up or down was that we take last years price when it was bought and delivered to the location, plus you estimate an increase in the future so that you have a parity. But I do not understand and maybe the Minister can explain why it is that in the past years when you anticipated an increase, that increase was passed on to the communities. Obviously it appears that you are not anticipating an increase in what you are going to buy this coming year, so you really do not have to build any increase into that for this year. The fact is that you found extra; it was built into the total cost last year, because, if I recall, that was the rationale for the total amount you had as opposed to what you had put in the tanks. Now it seems that there is not a cushion to adjust it down but there always seems to be a cushion to adjust it up, and I am wondering if the customer really is getting a fair deal.

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

HON. TOM BUTTERS: Mr. Chairman, I understood the deputy minister to say that had we not had that cushion, the price increase this coming year on a break-even basis would have been something in the order of 15 per cent. In view of the fact that we did have a positive inventory, what may be termed "profit" has enabled us to pass on to the consumer much less of an increase than we would have had to ordinarily. I repeat again, it is a non-profit operation and we are not going to charge the consumer any more than we have to to make our operating expenses.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Mr. Arlooktoo.

MR. ARLOOKTOO: (Translation) Thank you, Mr. Chairman. I believe the administrative officer for petroleum products is located in Yellowknife. Regarding the Eastern Arctic, when they receive their bills it is in the later part of the month. It is quite slow for their payments to reach Yellowknife. I am just wondering whether this could be changed. Instead of sending bills from their home communities to Yellowknife, I wonder if it could be changed so they could send them to Frobisher Bay. Could this be run from Frobisher Bay for payments or are the payments going to continue to come to Yellowknife? Sometimes it is a bit slow and that is a problem. I think it would be better if they sent the bills to Frobisher Bay. Thank you.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

Process Of Decentralization For Accounting

HON. TOM BUTTERS: Mr. Chairman, the Member is correct and what he points out is a very poor and slow, tardy service. I mentioned, I think in my opening remarks, that we also recognize that lack and are hoping to do as he suggests, which is decentralize a number of the current responsibilities for this program into the various regional offices. Maybe Mr. Quirke might add a few words about how far we are along in doing this.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

MR. QUIRKE: Thank you. The process of decentralization will be sent to the Minister for presentation to the Executive Committee hopefully some time this month. But to one of the points raised by the honourable Member from Lake Harbour, despite the fact mail delivery is slow, we do take that into account when we are sending out our collection letters. We do provide sufficient

lead time for the invoices to get to the communities and for payments to come out of the community before we do any of those so-called dunning letters. I would say that in the Baffin region and the Keewatin region, before we even look at an account in terms of its collectability, we are looking at at least 60 days which takes into account the poor mail service. Thank you.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Mr. Appaqaq.

Request For Comparison Of Freight Rates To Sanikiluaq

MR. APPAQAQ: (Translation) Thank you, Mr. Chairman. I do not know if I am correct or not, but I thought I would ask this question. I do not know if it will be appropriate. I wanted to mention that in my constituency, for the fresh meat products that come into Sanikiluaq, the airways are increasing the freight rates, and the fresh meat products usually cost a lot. Also I know for a fact that they are carried over to the Baffin area through Nordair. There are two air lines, Nordair and Austin Airways. I would like to know which would be cheaper in order to bring the meat products up to our area. Also the fresh products that come into the Baffin area are a lot more than they were before. The prices have increased. I am not saying that we want to be given assistance, but if this matter could be looked into, I think it would help a lot of the northerners. Do you understand this question?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: I can investigate the situation which the Member has brought to the attention of the committee. We can look at the two air lines that are currently providing services into the Eastern Arctic and get some comparison on freight costs and identify exactly what it is that the residents of Sanikiluaq are now paying in contrast to the service that is being enjoyed by residents of Frobisher Bay or Igloolik or places in the Keewatin. Once we do that, we can possibly, if we find the rates are very much out of line, and if there would be no hope of approaching either company to have them reconsider their rates -- we might look at considering Sanikiluaq as another NWT community that could be considered open for some type of transportation assistance. So I suggest there are two things we could do. I will try and get a response to the question with regard to the comparability between the services that are being experienced by residents of Sanikiluaq and other places in the Eastern Arctic and respond to the House.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions, Mr. Wray.

MR. WRAY: Mr. Chairman, first of all I would like to take this opportunity to express some confidence in the revenue manager of POL, Mr. Puskas. I believe that Mr. Puskas has improved that department 300 or 400 per cent since he took over.

Criticism Of Billing

However, with the subject of POL bills that was raised by the Member from Lake Harbour, there appears to be a pulling-in of all bills to Yellowknife. I guess the feeling in most of the communities is that rather than deal with Yellowknife, they would be much more comfortable dealing with the government offices within the community or the regional office, because quite frankly those bills come in and unless you are an accountant, you cannot figure them out. I know that if it was not for our accountant, we in the company would never be able to figure those bills out in terms of how much money is owed and what credits are given. I think a lot of people would really like to be able to sit down with somebody when the bills come in to find out exactly what the bills mean. That has led, I believe, to a lot of confusion and probably a lot of reason why bills are not being paid, basically, because people could not figure out what they meant in the first place.

I wonder if any consideration has been given to a regional or even a community-based payments system, so that people would not get so far behind in their fuel bills, because I know that our fuel bills come in two, three sometimes four months after the fact. It is very hard for a business or a private individual to budget for that kind of thing when your bills are not arriving for three and four months after the fact. I just wonder if the Minister would care to comment on that.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, as I mentioned, the objective of the department is to decentralize as much as possible this billing responsibility to the regions. I do not think that the Member would expect that headquarters can be totally excluded from this process, because there is the requirement to ensure that receivables are collected and in a reasonable length of time. I think the Member appreciates that.

He made a comment with regard to the form of our invoicing -- of our billing -- and I would think the department and Mr. Quirke would be very happy to receive comments and positive suggestions on how the billing process or how the invoices might be developed to be more self-explanatory. I think that probably that could be done by just speaking with Mr. Quirke in the next 24 or 48 hours or before the Member returns to Baker Lake, and make some suggestions for improving our present format.

CHAIRMAN (Mr. Pudluk): Thank you, Mr. Wray.

MR. WRAY: Thank you, Mr. Chairman, yes, I will talk to Mr. Quirke. One other question; obviously the department has recognized that there are some communities that need a subsidy in the freight rates in terms of food products. I wonder if the Minister can tell me if his department has pursued at all with the federal government the question of subsidy to the isolated communities for essential items. If he has, what type of response has he had? Or if he has not, would he do so? Thank you.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

Transportation Assistance For Isolated Communities

HON. TOM BUTTERS: Mr. Chairman, the government does not provide a subsidy. There is transportation assistance that has been approved by the Executive Committee for a limited number of NWT communities. Pelly Bay was the one that was brought to the attention of this House some two years ago and the Executive Committee did respond by providing assistance there. The main criterion was that Pelly Bay could not be supplied by sealift or any other transportation alternative besides air. There are a few other communities which are currently being examined for the same reason.

With regard to the approach to the federal government for a subsidy in northern communities, there has not been a submission to the federal government for a B-level program, which would be a new program. I would believe, although I have not been a Member of the intergovernmental committee that has examined our finances annually, that this matter has been raised by Members from the Northwest Territories government. However, I doubt that it has received much more than an interested hearing. So as to whether we would submit such a recommendation, I would see no problem with it, providing we have a good research base. I would also advise the Member that it would have to go through the special cabinet committee on the social development envelope and I just do not know how it would fare there. Certainly, if we were to get any type of acceptance or approval of that committee we would require a very high level of research data to support us.

CHAIRMAN (Mr. Pudluk): General comments and questions, Mr. Kilabuk.

MR. KILABUK: (Translation) Mr. Chairman, I just have a very brief comment to make. The people who use petroleum products for their own businesses, as well as missionaries, in the past they have requested assistance regarding petroleum products. Do you give assistance to these individuals?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, I would like Mr. Quirke to respond to the detail.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

MR. QUIRKE: Thank you, Mr. Chairman. Since POL is a revolving fund and is charged with the responsibility of recovering all its costs, the fund does not offer any type of subsidy program within the fund. What has occurred though is that two years ago when prices did increase, to help offset the increased cost to those who live off the land -- hunters and trappers -- the assistance program through Renewable Resources was increased. I believe it is called the trappers incentive program, but we offer no other subsidies whatsoever. We offer no subsidies whatsoever in the POL accounts.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and question. Mr. Kilabuk.

MR. KILABUK: (Translation) Thank you, Mr. Chairman. The question I was asking was with regard to heating oil. I have heard before the fact that government gives assistance for the business people. I was just going to ask if the government gives assistance for heating oil. That was the only question I was trying to ask. I was not asking about POL products; I was asking for the heating purposes. Thank you, Mr. Chairman.

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

Home Heating Assistance Program

HON. TOM BUTTERS: Yes, Mr. Chairman, we misunderstood the Member's question. He was referring to the home heating assistance program which became effective in 1980 and is expected to expire on March 31st of 1983. The subsidy is paid on the first 1500 gallons of fuel delivered and paid for between April 1st and March 31st for each of the program's three years. To be eligible for that subsidy or that assistance, the residents must pay more for their fuel than is paid by residents in Yellowknife. They must own or rent their homes; they must pay their own fuel bills and they must not receive a fuel or utility allowance from any source. Mr. Chairman, it is a federally funded program and is designed to subsidize NWT residents for the difference in home heating oil costs between Yellowknife and the rest of the Territories.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Mr. Kilabuk.

MR. KILABUK: (Translation) Yes, I understand. For the kerosene heaters when you go out camping we use -- I guess you call it kerosene oil. It is becoming a really powerful heating system in our communities but also it is over eight dollars up to nine dollars for a litre. It would be nice to be aware if there might be any assistance for the heating systems; I would be happy to see that for those kerosene heaters, if you could provide that assistance. The reason I am asking this question is for the hunters mainly as they have used these heaters a lot.

Also, I am asking about naphtha. We have talked about this before. With the companies in the communities it is being used a lot and also the price is going up. I guess it will be better for those if POL could run this kind of a system and the price would be lowered because that is very useful for the northern people. In Yellowknife I have seen this and it is only just over six dollars and it would cost \$12 in Pangnirtung for a litre. I guess you have not been aware of this before. If you could have a study on these systems it would be very useful, to work toward this so the price would go down in the future. That is the question I wanted to ask about; the kerosene heaters and also the naphtha, and how you are going to be going about this in the future. Thank you, Mr. Chairman.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Yes, Mr. Chairman, we have received complaints about the high costs of the fuel that was described by the Member. The pricing practice with regard to that fuel is that we charge our landed cost for the product so that in the more isolated communities the cost per litre would be considerably higher than in Yellowknife. In the case of other fuel there is an equalization factor which comes to bear and which helps level out some of the high cost areas.

I will take the Member's comments and look at them. I recognize that it is a fuel which is used considerably by people who make their living off the land and there may be some possibility that I could discuss this with my colleague, the Minister for Renewable Resources, to see whether it could be included in a program that he offers under his departmental responsibility. But I will have a look into it.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Ms Cournoyea.

Subsidy For Essential Foods

MS COURNOYEA: Yes, Mr. Chairman, I wonder what the Minister could indicate from the result of the finance committee's undertaking to have subsidies on some essential items and to some communities. It was my understanding that Pelly Bay would be chosen as an example community but that the Executive Committee would continue to actively pursue ways and means of putting into place a subsidizing arrangement on some essential food items. It was not that the communities were asking for everything to be subsidized but felt that in the distribution of foods for a healthy plan for a family, that some items were necessary and that they were very, very expensive in communities. I am somewhat surprised to see that this system does not seem to be actively pursuing the commitment it made a couple of years ago. There are a number of questions I would like to ask.

There is a type of monitoring system that is in place in Pelly Bay to properly evaluate that. When did Snare Lake get involved with this freight lift and on what basis, since it was my understanding that we were only going to pursue the one community, mainly for data gathering?

In the Minister's statement, saying that the federal government has not received any submission from this government in terms of subsidizing and that there is a lot of work to be done, the obvious question is, is the territorial government actively pursuing ways and means for the subsidizing of essential food items? If so, what has been done and what is the timetable for presentation to the federal government?

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

HON. TOM BUTTERS: Mr. Chairman, while Pelly Bay was the community that would appear to be paying the highest transportation costs for its food products and other items of urgent requirement, I think Members recognize that there are other settlements in the Northwest Territories which are similarly afflicted. It was on that basis that a number of communities were considered for some type of additional transportation assistance. I believe this is how Snare Lake got consideration for entry into the program. My understanding is that consideration is still going ahead and other isolated communities are continuing to receive consideration with regard to this particular program. With regard to the subsidy of important foodstuffs, the study occurred and may still be occurring for all I know, but in the Department of Economic Development. I have not seen a final report on the work that has been done there but I believe that that study is still active.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Does the committee wish to go to directorate?

SOME HON. MEMBERS: Agreed.

Total O And M, Directorate, Agreed

CHAIRMAN (Mr. Pudluk): Page 9.02, directorate, \$376,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Office Services, Agreed

CHAIRMAN (Mr. Pudluk): Page 9.03, office services, \$776,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Systems And Computer Services, Agreed

CHAIRMAN (Mr. Pudluk): Page 9.04, systems and computer services, \$630,000. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, is this the section that involves the \$30,000 to upgrade the Polaris system?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Under petroleum products.

CHAIRMAN (Mr. Pudluk): Thank you. Systems and computer services, \$630,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Computer Services

CHAIRMAN (Mr. Pudluk): The next one is this information item, computer services on page 9.06.

Total O And M, Supply Services

Supply services, \$2,957,000, page 9.07. Mr. Wray.

MR. WRAY: Mr. Chairman, I wonder if the Minister or the deputy minister could advise me if supply services now has a list available to all their offices of all businesses and suppliers within the Northwest Territories.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, we do not have a complete list. It is in the process of being completed. I believe it requires contributions from business people in the Territories who wish to have the name of their firm put on such a list, but I will ask Mr. Quirke to provide any supplementary information.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

Registry Of Northern Contractors

MR. QUIRKE: Thank you, Mr. Chairman. With the northern preference policy there is a requirement that all northern contractors register with the Department of Government Services to ensure that they do receive the benefits of that policy. However, we do have quite a list of businesses who we deal with and it has been incumbent upon Government Services through our regional centres that our Government Services managers, for example, not only make the private sector aware of the policy but actively participate in our chambers of commerce, etc., to find out who is out there so we can ensure that everybody does receive a tender from us. So it is a two-way street; we have asked for them to write in because we do not know who you are and, at the same time, it is incumbent upon the businessmen to let us know if you are out there. Thank you.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. Wray.

MR. WRAY: A supplementary. I think it might be advisable for supply services to advise the communities that businesses and contractors have to register for this preference program because -- I will be honest with you -- I did not know about it until I came to Yellowknife two weeks ago. I do not think too many people in the communities know about it. Perhaps some TV advertising or letters should be sent out to the business community to advise them of this.

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

HON. TOM BUTTERS: Yes, Mr. Chairman. The procedure that has occurred to date is that advertisements have been carried in various publications and requests have been made of regional offices to inform business firms in the regions to provide the necessary information. If there is something else we should be doing, I guess we would welcome direction from the Member.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. Wray.

MR. WRAY: Perhaps you should advise the regional office that they are supposed to inform us about it.

Total O And M, Supply Services, Agreed

CHAIRMAN (Mr. Pudluk): Thank you. Supply services, \$2,957,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Communications, Agreed

CHAIRMAN (Mr. Pudluk): Communications, \$1,995,000. Mr. Wray.

MR. WRAY: Mr. Chairman, on page 9.08, I will not ask for an immediate answer, but I wonder if the Minister could get back to me on how much the telex service costs from Rankin Inlet to Yellowknife, please. Thank you.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Yes, Mr. Chairman, I will get back to the Member with the information requested.

CHAIRMAN (Mr. Pudluk): Thank you. Communications, \$1,995,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Transportation

CHAIRMAN (Mr. Pudluk): Transportation, \$3,026,000. Honourable Member for Mackenzie -- Meh Cho.

---Laughter

Tenders For Air Transportation Of Fuel Into Trout Lake

MR. SIBBESTON: Aha! Mahsi cho. Mr. Chairman, I just want to ask the government officials involved with this about a case that is of great concern to some of my constituents. This involves the resupply of fuel to the little community of Trout Lake. Last winter, and this winter again, the government put out tenders asking for air charter companies to provide bids on the transportation of fuel into the little community of Trout Lake. The air charter companies in Simpson were greatly concerned about this because they feel that the government is asking for work to be done in the Deh Cho area and so the work should actually be tendered or provided to the air charter companies in that area, not advertised widely throughout the North. I believe last year and then this year again the air charter companies in Simpson have written to the government about that concern and I too have written about that. I just wondered if Mr. Butters could provide some satisfactory answer to that matter.

Basically, what the charter companies are saying is that it is work in their area; they alone should be requested to submit bids rather than put it out throughout the North. There is also some question about the manner in which air charter companies are asked to submit bids. Bids were requested to be sent by telegram, I believe, and this was a most unusual way of seeking bids from companies, because it is subject to cheating and unfair practices. I wonder if Mr. Butters could say something about that.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, yes, the matter raised by the Member -- and what I am referring to now is what you might call a request for a regional preference policy in the provision of goods and services -- is one that has been brought up before by a number of suppliers and also a number of contractors who feel that the goods and services required by this government in a particular region should only be tendered within that region.

We have a northern preference policy, and the northern preference policy does not exclude anyone from tendering on the requirements of this government. We have not looked at developing a policy which would be exclusive to regions only. I guess one of the major reasons is that we as a government are required to get value for money; in the contractual situation which the Member has brought to the attention of this committee, the difference between bids from, say, a regional carrier and the northern carrier who won it was in the order of \$9000 on about a \$33,000 contract. So had we applied a regional preference in that situation, we would have been required to pay a premium of an additional \$9000. I think those figures are fairly correct. At the present time we have no regional preference policy. We operate under the northern preference policy which recognizes and solicits tenders from all eligible northern businessmen or northern contractors.

With regard to the use of the telex arrangement, I would agree that the process is not the best, and we would not attempt to suggest to the Member that it is. The unfortunate situation that occurs for a number of such contracts -- and that is where you are dealing with a service required from an air carrier -- is that the client department does not have sufficient time to publish tenders in the newspapers or proceed in a more sedate manner, so this is why the telex was used in this case. It does have the advantage of ensuring that every potential bidder or interested contractor receives the same information and responds to the same information.

I would indicate to the Member that this government -- and I think the Minister for Economic Development has similarly indicated that we realize in the current economic situation that our tendering and contracting process must be improved, and we must remove from the current process any sins of omission or commission which may currently be found within the present system. The

Executive Committee in its wisdom has looked at the current situation where client departments get involved in issuing tender calls and approving contracts themselves, and is looking very actively at setting up a contracting authority; one contracting authority so that a standard approach to contracts and contract procedures would be worked out, and some of these anomalies which we have heard about in the last few months will be removed.

Early Notification On Problems Required

I would like to suggest one thing to Members -- and as an MLA I too hear similar concerns and complaints from contractors and from business people bidding on goods and services which we require -- I would suggest to you that where there appears to be a problem in the process, I for one would like to be notified as quickly as possible. Being notified after the event and after a contract has been awarded is not exactly very productive, because if there is some problem or if there has been a hasty decision made, it cannot be corrected once the contract has been let. However, in the case of the contract that the Member raises, I feel that proper procedures were carried out, and we did get value for money, and the contract was carried out and completed in five days, I think; 10 days less than the contract called for.

CHAIRMAN (Mr. Pudluk): Thank you. Let us take a 15 minute coffee break. We will try and come back on time because I am having difficulty with a quorum. Thank you.

---SHORT RECESS

The Chair recognizes a quorum. I just want to remind you that there will be no more coffee breaks before 6:00 o'clock. Honourable Member for Deh Cho.

Awarding Of Contracts Arouses Suspicion

MR. SIBBESTON: Mr. Chairman, I would just like to tell Mr. Butters anyway the attitude and feelings of the air charter companies in the Simpson area. I guess you are supposed to do this; to try to relate to the government here what people in your constituency feel.

The two air charter companies in Simpson, Wolverine Air and Simpson Air, have tried on two occasions, last year and this past winter, to get the contract to haul fuel into Trout Lake. They feel it is an area that is within their air charter company. They fly to these communities daily almost; they know the area very well and so are really very hopeful that whenever there is any work, they do get it. I can tell you that as a result of none of the Simpson companies getting the contracts for the past two years, they are very suspicious of this government. They are suspicious of the officials in the department that deals with giving out the contracts for hauling fuel in there. Whether there is any basis to this suspiciousness is another matter, but to tell you the truth they are suspicious of some of your officials in the government. The suspiciousness is based on the fact that they did not get the contracts for the last few years. Last year, there were some things that appeared fishy or suspicious to them in the way that the contract was handled. They raised the matter with the government and I, too, was informed about it and immediately wrote to the government about it.

There is basically suspiciousness that your officials here are overly friendly with some of the Yellowknife air charter companies; that somehow or another they give the advantage or provide information to the air charter companies here in order that they can win the contract.

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

HON. TOM BUTTERS: Just to correct...

CHAIRMAN (Mr. Pudluk): I think the honourable Member for Deh Cho is not finished yet.

MR. SIBBESTON: I was just going to say -- I was going to continue they are suspicious, too, of the way that the contracts are held. Instead of advertising in the papers and in the usual way that government does, in this case I think they were notified very, very shortly before the deadline for putting in bids. Companies were asked to submit telegram or telex bids, and they were suspicious about that, and wondered why it had to be dealt with in that way. They also feel that when there is work available in other parts of the North, that they are not necessarily notified of this work. They feel that they are unfairly dealt with because when a little work comes up in their area, it seems as if all the North is notified and asked to submit bids on it; whereas they feel that when there is work to be done up in Coppermine or Frobisher Bay and in

Smith, they are not notified and given a chance to bid on these. So these are the basic feelings of the air charter companies in my area, and I wanted to bring this to your attention in the hope that the practices change so that they eventually do feel that they are being treated fairly and that they have just as good a chance as anybody else to win and bid on a contract that is given out in Yellowknife.

They were also hoping too that this government could develop a policy whereby when work comes up in a region -- like the Simpson area -- that only those companies in the area are given an opportunity to bid on it. Also, that when the government flies into the region, that they spread the business around and not necessarily always take Yellowknife charters to fly into an area. They were hoping that the government could establish a policy whereby whenever they fly from Yellowknife into a particular area, where it does not mean any more cost or any more flights, that they take planes from within the area that they are going into. In this way all of the work is not just given to Ptarmigan or the other Yellowknife companies and the charter work is spread throughout the North. So there are these basic suspicions and feelings.

There is also this feeling that in this case as Buffalo Airways got the contract, they have this feeling that well, maybe it is because Arnold McCallum is one of the Ministers in this government and he was able to influence the government into giving Buffalo the contract. As I was saying, I am not making specific allegations that there was unfairness, but there is that feeling. Honestly, there is a difference -- I am not saying Arnold McCallum or anybody in the government influenced the government to give contracts out unfairly; I am saying that there is suspiciousness in the air charter companies in Simpson about the way that the government has been handling contracts, particularly the one dealing with hauling fuel into Trout Lake.

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

Policy Is To Be Objective And Fair

HON. TOM BUTTERS: Well, just to reject categorically that any Executive Member has any influence on the issuing of contracts. We develop the policy and that policy is to be objective and fair to all contractors.

However, I would like to indicate that the Member has made some very good points and I recognize the validity of his defence of the small carriers in the smaller communities because without those carriers in place and providing a service in those particular areas, people of the small communities would not be served -- both in emergencies and for ordinary public convenience.

I should correct an error I made prior to coffee break when I indicated the difference in the bid was \$9000. There were two bids from Fort Simpson. The bid difference in one bid was \$6000 and the other was \$2000, but as the Member pointed out, the contract did go to Buffalo Airways of Fort Smith and that is obviously not a Yellowknife organization.

I would agree with him that -- and I have just checked with my deputy minister -- we ensure that the Fort Simpson operators do receive information regarding charter opportunities that are being offered in at least other areas of the Mackenzie district, if not in the Frobisher Bay area, so they can bid and participate in submitting bids and tenders for such contract work.

One thing I did not point out, too, was to indicate that the aspect of contracts we are discussing now, relates to what you might call a fairly large contract. In the case of smaller flight requirements, I believe, from my experience, that the local administrators charter and negotiate on a day to day basis with the operators in the particular regions and the communities to develop the service from the local carriers. It is only in the case where there is a larger charter under consideration that the administrators or the officials would go further afield as has occurred in this case. I would take as very positive direction the suggestion of the Member that flights going into communities that have air service facilities in place, that such charters and government charters look at using those facilities and those services when they are in those communities.

CHAIRMAN (Mr. Pudluk): Thank you. Honourable Member for Deh Cho.

MR. SIBBESTON: Thank you. Then I would ask Mr. Butters if he could do something definite about this. There are a number of things that need to be done and I appreciate his comments. But I wonder if he would do something definite, either write a letter or get some policy approved by the Executive Committee in respect of a number of things that I raised, so that it does not just end here with good intentions while we are at the Assembly here, and nothing else happens the day after the Assembly quits or next week or next month.

One of a number of things that I would like to see is, definitely, a procedure whereby when contract work is available that all air carriers, air charter companies in the North are notified well in advance so they can have time to place intelligent and well thought out bids. That is one matter. Another is that the government do something to assure the air companies in the outlying areas that the Yellowknife office dealing with charters is not just stacked with a bunch of people that are friends to the air charter companies here in Yellowknife; check on their records. Have they been employees of any of the air charter companies in Yellowknife? What is their association with these air charter companies? Are they friends? Do they have any association at all? Are they independent and fair-minded? Somehow or another give the charter companies in the outlying areas -- that the Yellowknife office handing out these contracts is fair and objective in their dealings with contract. Lastly, that the government establish a policy that wherever possible, and it does not cost any more, to take charter companies from the outlying areas of the North and not simply patronize or give all their business to such companies as Ptarmigan or the companies that are very conveniently set up here in Yellowknife. If these things were to be done, I think it would help and make the air charter companies in the outlying areas feel, certainly, that they are being dealt with fairly. I also will make it possible for them to get some of the work that emanates or comes out of Yellowknife.

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

HON. TOM BUTTERS: I believe, Mr. Chairman, such tenders that are examined now are examined objectively and fairly by staff. I do not say that they do not make mistakes but I think that the mistakes that are made are honest mistakes and not as a result of any association with any of the people interested in the work. I do agree that some of the suggestions made by the Member are very good and can be acted upon and I give him my assurance that I will act in the manner which I now describe. I will, first of all, request -- Mr. Quirke has heard the debate -- that the people that deal with such tenders ensure that the information is broadcast as widely as possible so that anybody with even a slight interest in the work would have a chance to submit a bid.

Secondly, we could advise the client departments, because we act in a resource response to the requirements of client departments, to try and give us more lead time when we publish or make known tender call requests. The third thing I think we can look at working on is the current policy to ensure that we strengthen to every extent possible the smaller carriers who have their bases in the small communities. I am willing to look at that and attempt to work out an arrangement which will strengthen the very valuable services provided by those carriers.

Total O And M, Transportation, Agreed

CHAIRMAN (Mr. Pudluk): Thank you. Transportation, \$3,026,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Motor Vehicles, Agreed

CHAIRMAN (Mr. Pudluk): Motor vehicles, \$657,000. Mr. Wray.

MR. WRAY: Mr. Chairman, more advice, I guess, than anything else. Every year around licensing time the same thing always happens in the Keewatin region, as long as I have been around. That is in the offices issuing the licences, two things happen. One is they run out of licence plates; motorcycle, vehicle licence plates -- they are always running out. Secondly, probably half the vehicles in the Keewatin right now are running around with the wrong type of licence plates on them; public service vehicles with commercial licence plates, private vehicles with commercial licence plates. I think there should be a little bit better instruction to the people issuing those plates as to what type of vehicle gets what type of plate. Thank you.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, I understand that the major concern is that there are insufficient plates provided to the regional issuing offices and authorities. I do not know about that myself; I do not know if Mr. Quirke can respond, but I can attempt to find out just whether there are any problems at the current time being experienced in the regional offices and get back to the Member. Unless Mr. Quirke has some additional information that I am not aware of I do not know how we can respond to the question. We will take the question as notice and get back to the Member.

CHAIRMAN (Mr. Pudluk): Motor vehicles, \$657,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Total O And M, Liquor Control System

CHAIRMAN (Mr. Pudluk): Liquor control system, \$925,000. Honourable Member for Deh Cho.

MR. SIBBESTON: I cannot imagine people not saying anything about this subject. Maybe we should just pause a minute and let people think about liquor. Do you not have any concerns, Richard?

HON. RICHARD NERYSOO: You go ahead.

CHAIRMAN (Mr. Pudluk): Are there any questions on liquor control system? Do you want to think about it for tonight? Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, in regard to the \$925,000 expenditure on the liquor control system, it is my understanding that it was an equalization thing where it really did not cost us that much but that the pricing of the liquor really paid for the expenditure in that area. I do not see in the extension of this budget any recovery section. Where is it recovered?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: It is on the next page. I think the Member should move one page over.

CHAIRMAN (Mr. Pudluk): Liquor control system, \$925,000. Ms Cournoyea.

MS COURNOYEA: Maybe the question is, Mr. Chairman, is the \$925,000 to operate the liquor control system recovered in the sale of alcohol?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Yes, it comes out of our revolving fund.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

MR. QUIRKE: Mr. Chairman, may I explain? Under the present legislation of the Liquor Ordinance it is a requirement that the salaries of the civil servants that run that operation be recorded in the main estimates and that is why they appear on page 9.11. The salaries are then, at the year end, charged against the operation of the revolving fund so, in fact, their salaries do form part of the selling price of the liquor. Thank you.

Total O And M, Liquor Control System, Agreed

CHAIRMAN (Mr. Pudluk): Thank you. Liquor control system, \$925,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Petroleum Products

CHAIRMAN (Mr. Pudluk): The next page is an information item. Does anyone have a question on that? Okay, page 9.13. There are no more figures, but if you will turn over to page 9.19, detail of capital is \$9,031,000. Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, may we consider the petroleum products section? I think we sort of skipped over that one.

CHAIRMAN (Mr. Pudluk): I am sorry. There is no O and M but would anyone like to ask something? Mr. Wray.

Problem With Measurement Of Fuel Tanks In Baker Lake

MR. WRAY: Mr. Chairman, about two years ago the Sanavik Co-op in Baker Lake was handed a bill from this division for approximately \$350,000 which the government claimed was owing to it because of shortages of fuel and various administrative errors. Now, in those intervening two years the co-op, along with its accountants, have discovered that, so far, out of the \$350,000, \$310,000 was attributable to government accounting errors even to the point where the government was using the wrong size of fuel tanks to calculate the amount of fuel which was held within the community. This was discovered when the accountant for the co-op and the co-op manager went out with a tape measure and measured the tanks themselves and discovered that the wrong size of fuel tank was being used in Baker Lake for however long.

Now, given that so far out of the \$350,000, \$310,000 has been identified as government errors, it would appear probable that the remaining \$40,000 is also due to the same reason because measuring tanks with tape measures does not actually give you a very good idea, other than the fact that there could be thousands of litres that are still unaccounted for. I wonder if the Minister would advise me if the government is willing to write off to the co-op the remaining \$40,000 which is still outstanding on their books basically due to the fact that there is no proof one way or the other whether or not the co-op actually owes this money. Thank you.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: I will ask Mr. Quirke to respond to the detail of the question, Mr. Chairman.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

MR. QUIRKE: Thank you, Mr. Chairman. We recognize, and it was also mentioned in the Minister's address, that there have been major problems in the measurements of the tanks throughout the Territories and, in particular, with the Baker Lake one. When we were told verbally or by telex that there was a problem with the measurement, measurements were taken and there was found to be a tremendous error that resulted in an automatic credit to the co-op. The fact of the matter was that the tank was wrong. Now, as mentioned in the Minister's address, we have something like 330 more tanks to measure and at an estimated cost of \$500,000.

In particular with Baker Lake, I am not too sure that our experts who do the strapping from down south, have actually gone into Baker Lake this past year or whether the Keewatin region is on the list for this year's work, but no matter what happens if there is an adjustment to take place it will take place at that time. If the outstanding account is particularly related to what seems to be an incorrect measurement again the best that I can do, right now, is to ensure that the department will undertake no collective action until this is resolved. Going through my files right here I see that Baker Lake was not done and if it is to be done this summer -- it probably will be -- I will just repeat that we will take no more action to collect on that account if it is particularly relating to an incorrect measurement of the tanks.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. Wray.

Co-op Severely Affected In Arranging Financing

MR. WRAY: Mr. Chairman, I would actually like to have some indication that the government is prepared to move on this immediately. The very basic reason is that because of this foul-up within the computer system within the POL division, the accountants of the co-op have not been able to produce an audited financial statement for approximately two years as there is no way of reconciling the books whatsoever. This has severely inhibited the co-op in its attempt to arrange financing through other sources, it has pushed its credibility right to the brink with the banks. I think we are safe to assume that if \$310,000 out of \$350,000 is an error then the other \$40,000 is also an error and we have just not been able to find it yet. I really would like some indication from the Minister that they would resolve this matter immediately because it has placed the co-op in a very, very bad situation.

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

HON. TOM BUTTERS: Mr. Chairman, yes, we will get onto the matter as quickly as possible. There is nothing I see in the projected measurement planning for the current coming year that includes Baker Lake, but in view of the Member's comment we will take another look at it and see what can be done quickly. Yes, I just noticed that tenders are being solicited to do similar work this

coming summer in the Keewatin region, so I guess something is going ahead, but that does not mean to say we could not take a very early look at Baker Lake. I would point out that the problem mentioned was not in the computer, although we have had problems with our Polaris system. The problem that we are experiencing here is regarding the incorrect figures for the size of our tankage.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. Kilabuk.

MR. KILABUK: (Translation) Mr. Chairman, I would like to ask if the gas tanks over at Pangnirtung are just going to be left undone. They have no use at Pangnirtung; we are not using them. I would just like to ask what will become of them. Will they be sent to other settlements? Could they be used for other remote settlements. If they are just going to sit, left undone, they will have no purpose, and I will not be satisfied. I would just like you to respond to that, as to what could be done about the empty tanks.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, I understand the Member's question relates to surplus tankage in Pangnirtung. I believe the intention at the present time is to dispose of the tankage. I do not know that other communities really want those tanks but we intend to dispose of the tankage. I do not think that we have identified funds at the present time to dismantle those tanks. Maybe I could just ask Mr. Quirke if he might respond to that particular point.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

MR. QUIRKE: Thank you, Mr. Chairman. The request to remove the old tankage from Pangnirtung is actually a new request that was just received by the department a few weeks ago. The region asked us to see if we could identify the required funding to remove those tanks, because the land is required for future community expansion. At the present time, the department has not been able to identify funding. That is not to say that we will not, but in the event that we cannot, it would be up to the region to identify it as a high priority in the 1984-85 year. For the time being we are attempting to identify sufficient funding out of our base to enable a contractor to dismantle and take away that tankage in Pangnirtung. There is definitely no requirement for those tanks in any other community, that is for sure, because the cost of transporting those tanks to another community would be prohibitive. Thank you.

CHAIRMAN (Mr. Pudluk): Thank you. Are there any more questions on page 9.13? Mr. Kilabuk.

MR. KILABUK: (Translation) Mr. Chairman, just a comment that if the tanks are just to be left in that area, it would be nice if they could just be moved into another part of the area. That would be just fine. If funding is available, of course. I was just commenting on this.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. Wray.

Motion To Upgrade New Baker Lake Tank Farm And Move Old Tank Farm, Carried

MR. WRAY: Mr. Chairman, I have a motion under this section. The motion is as follows: I move that this committee recommend to the Executive Committee that they direct the Department of Government Services to perform the necessary work on the Baker Lake tank farm within the community to bring it up to conform with present territorial and federal environmental protection regulations; and further, that plans be initiated to move the old tank farm out of the community to the new tank farm, in 1985.

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

MR. WRAY: Mr. Chairman, just to reiterate briefly what I said under Public Works. Some of those tanks were built in the 1950s and 1960s, I think the Minister was probably an area administrator in Baker Lake when those tanks were constructed, and at that time there was no community in that area, and the berms around them -- in fact, it is not a berm, it is only a half-berm, and only covers two of the four tanks. There has been major leakage in the last 20 years from those tanks to the point where the ground is now heavily saturated with fuel oil all around that area. They sit uphill about 1000 feet from our water supply. They are in contravention of all existing protection laws or environmental protection laws. They are very old, and the community has identified since 1974 at least, that I know of, that they would like those tanks moved. No action has ever been taken on them, even though a new tank farm was constructed to the east end of the community several years ago. Presently within those tanks are 600,000 gallons of fuel oil. They are the main tanks for the community. If we have an accident, not only will we severely pollute the lake, which is our water supply but in time we will probably wipe out half the houses that sit in front of those tanks, because the community has now grown around the tanks.

There obviously appears to have been a problem of communication between the regional office and headquarters because this problem has been known and existed for a long time. In fact, when I worked for the hamlet in 1978 we were given assurances at that time by the regional office that some work would be done on those tanks within the next two years, and nothing has happened. I think it is about time that something did happen, because it is just a very dangerous situation and it cannot be allowed to go on. Thank you.

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

AN HON. MEMBER: Question.

CHAIRMAN (Mr. Pudluk): Question has been called. All those in favour, please raise your hands. Opposed? The motion is carried.

---Carried

Honourable Member for Deh Cho.

Government Computer Print-Outs Sent To Communities

MR. SIBBESTON: Mr. Wray mentioned a while back about the co-op receiving a computer print-out from the government saying that they owe the money to the government. I have a constituent who received a computer print-out last summer or fall saying that he owed the government \$29,000, if you can imagine a Dene sitting out in a little community getting this computer print-out saying, "You owe this government \$29,000." It is really mind-boggling and a little bit unreal. I would like to see the civil servant who sits here in Yellowknife churning these computer print-outs and sending them to people, because certainly my constituent did not feel he owed the government \$29,000. It is not such a little amount that you can just throw on a person and suggest he return this money to the government.

I must say that I became involved in this particular instance and tried to resolve the matter, and in fact even came here to Yellowknife with him to meet some of the government officials that deal with it, and unfortunately were not able to resolve the issue. There is just simply lack of documents. The government did not seem to have all their documents in order. On the other hand, this person from Fort Liard did not have all of his receipts, so there is just a bit of a vacuum and the matter never got properly resolved. It is now in the hands of a lawyer and they are still attempting to resolve it.

However, it is a problem, I must say. It seems whenever anybody was involved in maybe selling petroleum products for the government, and ceases -- it certainly happened in this case -- months and months later the government insists that this person still owes the government a bunch of money. So there is a bit of a problem and I wonder if the government could do something to do a bit of a better job. If the government feels that somebody owes money, I would suggest that it is not the best approach to send computer print-outs if they hope to collect any of the money, particularly large sums. They ought to go with all their documents to the community and deal with the person personally and try to resolve the issue rather than sending computer print-outs. It can become very costly for the person because in this case he had to come to Liard and took some of my time, and now he has to pay a lawyer to try to resolve the matter. I wonder if the government could do something about this. I am aware of another computer print-out that was sent out to one of Mr. Fraser's constituents a number of days ago. Unfortunately he is not here to raise it, but it seems like computer print-outs are sent out to various people in the North and maybe the government should reconsider this approach and use a more personal approach in resolving their differences.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman. Just to agree that mistakes are made. I do not think there are as many as one may expect, but mistakes are made. I do not think the customers have been receiving computer print-outs, they have probably received invoices that have been developed as a result of computer calculations. I think the Member has put his finger on the major area of solution, and that is in personal contact. I think that if one knows of this type of error quickly, he can move on it and correct it without a great deal of difficulty. As long as I have responsibility for the department I would welcome communication from the Members and I would try and respond as quickly as I can and correct the situation. We have made mistakes in the past and we are going to continue to make mistakes. With the new improvements to the Polaris system I just hope we can reduce these errors, because although they sound funny, I realize that they are not very humorous to the people that receive the bills.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. McLaughlin.

Subsidizing Petroleum Prices

MR. McLAUGHLIN: Thank you, Mr. Chairman. I wonder if the Minister or the deputy minister could advise the way that the petroleum prices are determined for the eastern High Arctic. I realize that the further you get from Montreal, the higher north you get, the higher the costs are. What I am trying to get at is that in eastern Canada, the federal government subsidizes the fuel at the gas pumps for the people in Ontario and Quebec and especially Quebec and the maritime provinces where they buy offshore crude oil. I am wondering if there is any mechanism that the federal government uses in similar formulas so that we get the same type of treatment. In other words, is there a program to make sure that diesel fuel or any other kind of fuel leaving a refinery gate in eastern Canada is subsidized down so that people get it at a reasonable price? Does it come out of the refinery gate to us at the same price that it would to one of the maritime provinces or the province of Quebec?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: The prices paid by the Canadian consumer wherever he may live is based on an equal acquisition agreement, and that agreement that was recently developed, I believe, between Canada and Alberta. With regard to the Member's first question, which I believe was how we arrive at our final cost figure, I would ask the deputy minister to review the steps and indicate to the Member what costs are added at what step in the pricing process.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

MR. QUIRKE: Thank you, Mr. Chairman. We are now presently soliciting our bids in the Montreal market or the maritime market to purchase the petroleum products for the whole Baffin region. Once the price is determined through the tender process, what we call our product costs, it is then transported to all the communities in the region by tanker to Canada coast guard. At a particular point in time, we say we must find out what our total inventory is across the Territories and find out what the average weighted price of that product is right now. Then we take the new prices that are coming on board, estimate the volume of fuel going into the tanks so we have an old fuel and a new fuel being blended together, and from that basically we will arrive at an average landed cost per community.

In some areas where we have to fly in the fuel, there is an equalization of the freight cost throughout the Territories. Basically, our pricing structure is on a weighted average of the cost of that fuel in the tank, which is a combination of old fuel and new fuel, and you add on your transportation costs, your various taxes, etc. That is basically in a nutshell how we come up with a community-based pricing system.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. McLaughlin.

MR. McLAUGHLIN: Thank you, Mr. Chairman. The point I am trying to make and maybe I did not make it clear is that if Quebec or Newfoundland -- I do not know if they do or not -- have a program to supply their remote communities on their Arctic coasts, but are we as a government able to get hold of fuel at the same price that they are? That is the point I am trying to make. Does the federal government give us the same subsidy when we initially purchase our fuel, which to those eastern refineries is coming from offshore? So do we get the same break that the maritime and Quebec provinces do from the federal government on a subsidization of this offshore oil on the initial purchase?

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

HON. TOM BUTTERS: Mr. Chairman, Mr. Quirke will respond to the question.

MR. QUIRKE: Thank you, Mr. Chairman. There really is not a subsidy in play here that the Canadian consumer benefits from. What occurs at the maritime market, for example, where the ship is coming in offshore from let us say the Arab nations, is that at that price it lands at the dock in Halifax at \$14 a barrel. Alberta is selling it for \$20 and the six dollar subsidy is paid by the federal government to the oil producer, let us say Imperial Oil, but the Canadian consumer is the one who gets charged \$20 based on the agreement between Alberta and Canada. So the transfer of payment is from the federal government to the oil industry and not to the citizens of the maritimes or Quebec or anything. So we are paying the price that is agreed upon with Alberta and Canada, and that is why -- if you heard the news yesterday -- even though the world price is going down, there is no intention of the Canadian price to go down because they will complement it with taxes. So there is really no subsidy involved that the Canadian consumer will benefit from. From the market point of view, we are bidding in the same market place as northern Quebec. So we are all on equal grounds in terms of the final cost to us and to the people of Quebec. Thank you.

CHAIRMAN (Mr. McLaughlin): Petroleum products, \$3,655,000. Mr. Pudluk.

Motion To Move Grise Fiord Tank Farms Away From Powerhouse, Carried

MR. PUDLUK: (Translation) Thank you, Mr. Chairman. I would like to ask about the petroleum. We have some major problems in my constituency, like in Grise Fiord, and I would like to make a motion. I move that the Executive Committee take action as the Grise Fiord oil tanks are too close to the powerhouse. Just in case there is a fire, the powerhouse might go up in smoke. Those two tank farms should be moved away from the powerhouse as soon as possible.

CHAIRMAN (Mr. McLaughlin): Mr. Minister.

HON. TOM BUTTERS: Just to inform the committee Members that we have nothing in our projected budget which would do that immediately, so we would welcome a motion from the Member.

CHAIRMAN (Mr. McLaughlin): To the motion. Mr. Pudluk.

MR. PUDLUK: (Translation) Thank you, Mr. Chairman. I think the two Members here might know what I am talking about -- the one from Yellowknife and one Member from Pine Point. When we met with the settlement council in Grise Fiord last summer, the residents were very concerned about the tank farms being too close to the powerhouse. I do not want to elaborate on it too much. Thank you.

AN HON. MEMBER: Question.

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

---Carried

More questions on petroleum products? Ms Cournoyea.

Supply Of Natural Gas To Norman Wells

MS COURNOYEA: Mr. Chairman, in the Minister's opening statement, he made reference to the fact that the Norman Wells capability to deliver -- I do not know if he said the natural gas to the houses was reaching its limit, and that the government perhaps have to resort to oil for the houses that are presently in place and run by the government in Norman Wells. Perhaps he could elaborate on what is going on in that community as to the supply of natural gas.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman. Recently, Esso Resources has made known their estimated gas production figures up to the year 2000, and on the basis of the figures that we have received, we are advised that Esso Resources can only guarantee a supply of gas to the hamlet which totals some 20,000 cubic metres a day. On the basis of the present consumption and maximum demand factors, it was indicated that we are currently very close to that figure.

There have been meetings going on at the Wells in the recent past, of the community and the company and government, to see what can be done. We are attempting to develop as much data on our requirement as possible related to how many residential homes; how many commercial and industrial installations; and will there be sufficient capacity for the future extensions. So all those questions are currently being examined and we are hopeful that we will have a report on that matter in the very near future so we can determine whether or not the production figures that the Esso people are providing to us will take into account the projected expansion. However, we are not too hopeful that we will be able to meet as many requirements as the community may impose upon us or request of us.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, just for further clarification, it seems odd that a pipeline is going to be built to extract resources and send them down south when we do not have a security of supply just for one community. Maybe I am misunderstanding but maybe the Minister can explain why that is.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: I understand that the figures given to us are based on the plant capacity for producing gas. I have not seen this report myself but it seems a little strange to me that the new plant or the new production techniques would not provide us with sufficient gas to supply the community, but from my own knowledge I cannot respond to it, I am just giving you the state of the concerns that are being expressed now and, certainly, that question now is very much under review and is open to examination and resolution. Possibly Mr. Quirke knows more about what is going on at the moment and could add something.

CHAIRMAN (Mr. Pudluk): Mr. Quirke.

MR. QUIRKE: Thank you, Mr. Chairman. Although I cannot add anything more to it than the Minister has mentioned, we are expecting a detailed report within the next two or three weeks that will determine where we will stand in the amount of gas we do have, the amount of gas we can distribute to our consumers and the impact it could have on the potential hook-ups. However, at present, we do not have any more information than the honourable Minister has given. Thank you.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

Alternative Sources Of Energy For Resource Communities

MS COURNOYEA: Mr. Chairman, further to that concern that I have, it has always been said that one of the major policies of this government would be that in giving concurrence to having the resources shipped out of the Northwest Territories, we would make sure that we were secure ourselves, and our communities would be secure. In the Mackenzie Valley pipeline inquiry it was stated that by and large the companies would not really require a lot in hydro development power generation because they would be surviving on the resources or the spinoff or by-products of the resources that were coming out of the ground. It seems to me that if they cannot even supply a community as small as Norman Wells that we are already in trouble. I wonder if the Minister could assure us that as soon as possible the report -- whatever the report is -- is made available and that the government would come up with a position to ensure that communities are indeed looked after before the resources are shipped out.

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

HON. TOM BUTTERS: Mr. Chairman, as I mentioned, I have not seen the report. I would believe that it must be very much a technical question. The current plant is only producing 20,000 cubic feet and I would assume that technically in the future they will require every bit of gas pressure to move the oil out of the well so it may be that the natural gas itself is not available. But I am quite sure that I can assure the Member that if gas is not available certainly oil will be available and there will be an alternative source of fuel energy for residents of Norman Wells to use. However, I do agree and I will try and get the data as soon as I can.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, in terms of the statements by the Minister in encouraging bulk agencies to move into communities where feasible, I realize that there are some communities that have requested that the government look into that. I feel the government agencies, such as they are, really do not actively pursue that. They wait for someone to come to them and make a proposition and then evaluate it from there and oftentimes it is not done as quickly as possible to take advantage of an opportune time.

Motion To Actively Pursue And Encourage Private Bulk Agencies To Be Put Into Communities, Carried

So I have a motion that this committee of the whole recommend to the Executive Committee to have Government Services make every effort to actively, and I say actively, pursue and encourage private bulk agencies to be put into communities where it is feasible. There are a number of those communities which may be in that category and I would like to see that it is actively pursued.

CHAIRMAN (Mr. Pudluk): Your motion is in order. To the motion. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, I realize that there have already been statements saying that the government is in support of bulk agencies being put into place in communities that are close to access and where it is possible to do so. As I have stated, I feel that at a lot of times these possibilities exist but Government Services does not actively pursue it. They do not earmark certain communities and say, "Okay, these are the communities that are possible, let us make every effort to move toward that." I would like to see a stronger policy that the government takes the initiative to do so rather than waiting for someone to come up to the government and say, "Well, is it possible to do this or could we get some support from the government to proceed with bulk agencies?"

So I believe that in matters such as this there are some possibilities and some of the studies or the data that is made available would bring the price much lower for the community consumer and to encourage the government to take an active role in pursuing the bulk agencies. I believe that the Minister has already said that it is something that the government looks forward to providing a service in. So I would like this committee to give the added support to the government to even further look into those matters.

SOME HON. MEMBERS: Question.

CHAIRMAN (Mr. Pudluk): Question has been called. All those in favour, please raise your hands. Down. Opposed? The motion is carried.

---Carried

Any more questions on page 9.13? If not, we are going to go to detail of capital, \$9,031,000.

SOME HON. MEMBERS: Agreed.

Detail Of Capital

CHAIRMAN (Mr. Pudluk): Detail of capital, \$9,031,000. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, there is a large amount of money that is being put forward for natural gas pipeline expansion and the expenditures are over a number of years. I am wondering why we are going ahead with that program on the basis of the statement by the Minister of the Norman Wells facility not being able to supply? Has the recent statement or study that has been referred to in the discussions of this budget been taken into consideration in determining whether that expansion is going to be built or not?

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

HON. TOM BUTTERS: Mr. Chairman, as I mentioned a few moments ago the consumption figure was provided to us by Esso just recently, I believe I mentioned it was in February. This item has been in our plan for probably eight or 10 months. The matter is still under review and we would be hopeful that Esso's early projection would be very conservative and we would still be able to go ahead with the project. The money is there so that if the results of the review are encouraging then we can go ahead with the project.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, then the Minister is also saying that if the fact is the supply is not there then the project will not be allowed to continue.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Yes, Mr. Chairman.

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital. Mr. Wray.

Regional Fuel Testing Facility

MR. WRAY: Yes, Mr. Chairman, I just wonder, under the Keewatin region you have regional fuel testing facility. I wonder if you could tell me what that is?

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

HON. TOM BUTTERS: Mr. Chairman, people in our POL section have a capability and are required to test fuel from time to time. I believe we have two such testing laboratory sites. One would be in Yellowknife and the second one is in Rankin. It would just ensure that the quality of fuel being provided is according to standards and specifications.

CHAIRMAN (Mr. Pudluk): Thank you. Mr. Wray.

MR. WRAY: Supplementary, Mr. Chairman. I understand then that fuels from all of the communities would be shipped to Rankin and this fuel will be tested or will it just be fuel from Rankin Inlet that is tested? Thank you.

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

HON. TOM BUTTERS: Yes, Mr. Chairman, it would be fuel from communities within the Keewatin.

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital, \$9,031,000. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, there is a question on Oscar oil spill trailer and what is it attached to and where is it stationed?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, the unit is stationed at Yellowknife. It is stationed at Yellowknife so that it can be flown to a site where an oil spill has occurred. The Oscar unit name stands for, Oil Spill Containment and Recovery, and I guess that pretty well explains its function. It would be located here and would be airlifted to any community in the Territories where such recovery action is needed.

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital. Ms Cournoyea.

MS COURNOYEA: Part of the question was not answered -- is that a whole new item or an attachment to some other equipment that we already have?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, it is a new item.

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital. Mr. Wray.

MR. WRAY: Mr. Chairman, the very last item, law enforcement vehicle, Yellowknife. What law does the vehicle enforce, please?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, it is a misprint. The vehicle would be quartered in the Hay River area and it would be used in conjunction with the Enterprise weigh scale to enforce the rules and regulations pertaining to freighting vehicles entering and travelling on NWT highways.

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital, \$9,031,000. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, in the matter of the revolving fur fund relocation in Inuvik, since the Delta shop has been privatized, could the \$14,000 be explained as it relates to supply services?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: The current situation is that we are warehousing fur supplies, garments -- whatever -- in an amount of some \$448,000. They are stored in walk-in coolers and these are considered very inadequate. We do not know what the requirement will be and whether or not the new proprietor will be able to provide this type of storage, so it is a matter to protect our inventory worth almost half a million dollars, which we are currently warehousing.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, I realize that there are furs and goods storage areas in Inuvik but I still do not understand what the \$14,000 is for.

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Pardon me, Mr. Chairman, it is an air conditioning unit for the walk-in cooler.

Detail Of Capital, Agreed

CHAIRMAN (Mr. Pudluk): Thank you. Detail of capital, \$9,031,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

0 And M, Agreed

CHAIRMAN (Mr. Pudluk): Total 0 and M, \$11,342,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

Capital, Agreed

CHAIRMAN (Mr. Pudluk): Capital, \$9,031,000. Agreed?

SOME HON. MEMBERS: Agreed.

---Agreed

CHAIRMAN (Mr. Pudluk): I would like to thank the witness, Mr. Quirke. Does this committee wish to go on to the Department of Finance?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pudluk): Agreed. Honourable Member for Deh Cho.

MR. SIBBESTON: I move that we report progress.

CHAIRMAN (Mr. Pudluk): All those in favour, please raise your hands. Down. Opposed? We are going to go on. The motion is defeated five to four.

---Defeated

Department Of Finance

Finance on page 5.01. Minister of Finance, Mr. Tom Butters, would you like to make some opening remarks?

HON. TOM BUTTERS: Yes, Mr. Chairman. To save time I wonder if I might ask the committee to invite the senior financial officer of this government, Mr. Nielsen, and the comptroller general for the Department of Finance, Mr. Nelson, to join me at the present time and then that would save a break after I finish what are very brief opening remarks.

CHAIRMAN (Mr. Pudluk): Is this House agreed? Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, I do not think we have a quorum.

CHAIRMAN (Mr. Pudluk): We are going to take a recess until we have a quorum.

HON. ARNOLD McCALLUM: Point of order, Mr. Chairman.

CHAIRMAN (Mr. Pudluk): Point of order, Mr. McCallum.

HON. ARNOLD McCALLUM: Mr. Chairman, I do not think it is necessary under our rules to insist upon a quorum in committee of the whole. There is nothing in our rules, nor is there anything in the rules of the Northwest Territories that suggests that we should have a quorum in committee of the whole. It simply says that a quorum must be required for the business of the Assembly and this is not the Assembly; we are a committee now.

HON. RICHARD NERYSOO: Mr. Chairman, that is not an issue any longer.

CHAIRMAN (Mr. Pudluk): Now we have a quorum. Proceed, Mr. Butters.

MR. WRAY: Point of order.

CHAIRMAN (Mr. Pudluk): Point of order, Mr. Wray.

MR. WRAY: We could get into conflict time and time again. I wonder if we could have a ruling on that tomorrow in terms of what constitutes a quorum in this House, whether we need a quorum in committee of the whole or not.

CHAIRMAN (Mr. Pudluk): Yes, we will inform you about the ruling on the quorum in the committee of the whole. Could we invite the deputy minister for Finance into this House?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Pudluk): Agreed. Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, as they are joining us maybe I could begin my remarks relative to the Department of Finance. Members will note from our schedule that immediately following the estimates of the Department of Finance are those of the Financial Management Secretariat and I would like to go immediately into the secretariat after we conclude the estimates of the Department of Finance. I believe that Members have met my colleagues Jim Nelson, who is comptroller general for the Department of Finance, and Eric Nielsen, who is senior financial officer for this government. Before reviewing the financial estimates for the Department of Finance I would like to preface discussions with a few comments.

Changes In Financial Management Structures

During the past year significant changes have been made to the financial management structures of the Government of the Northwest Territories. The enactment of a new Financial Administration Ordinance has established the financial administration board in legislation and has clearly placed a greater financial management accountability on deputy ministers and other senior officers. The ordinance also created a need to review the overall management of the financial function.

During 1982 Jim Nelson was appointed to the new position of comptroller general with administrative responsibility for the Department of Finance. Eric Nielsen, the secretary to the Financial Management Board and deputy minister of Finance was appointed senior financial officer under the Financial Administration Ordinance. In his new role his office has overall policy responsibility

for the financial affairs of the government. These changes are in response to the evolving role of financial management and reflect the recommendations of the standing committee on finance at their January 1982 meetings. I believe these changes provide both a clearer division of responsibility and accountability of management throughout government.

Mr. Chairman, with the referral of the Auditor General's comprehensive report on the financial information system to the standing committee on finance and public accounts and the meeting date of that committee set for March 29, 1983, I would expect that discussion of that report in this committee will be limited. However, I am pleased to report that our accounting system is in place, taking hold, and working very satisfactorily.

Mr. Harold Hayes, principal, audit operations, office of the Auditor General of Canada, has indicated to both the Commissioner and the audit committee that a very positive response has resulted from an FIS user survey conducted last summer. The Department of Finance as the government's largest single user of financial information, is particularly satisfied with the system's ability to provide the government's necessary financial management information and to speedily process cheques for suppliers.

Re-examination Of Current And Potential Fiscal Position

On another matter, the current economic climate in Canada and in the Northwest Territories is forcing this government to re-examine its current and potential fiscal position. With the planned introduction of formula-based financing, the Department of Finance is now required to look closely at the revenue side of the budget framework. As the chairman of the standing committee on finance and public accounts has recommended, a complete reassessment of this government's revenues, both current and potential, is being undertaken by the Department of Finance.

During the past year my officials and I have reviewed alternative revenue sources available to this government. Members will appreciate my concern that at this time the non-renewable resource industry and small business simply cannot afford additional tax burdens on top of their already diminishing financial returns. Therefore my advisers and I are very carefully evaluating the economic impact of any new revenue initiatives before introducing them.

The economic hardship being experienced in both the North and South of Canada is affecting this government's revenue framework through reduced personal and corporate income taxes, and through a reallocation of personal disposable income from those commodities upon which we have levied a direct tax. As I stated in the budget address earlier in this session, major tax increases are not an acceptable option, as they would place a currently unwarranted burden on northern taxpayers.

The taxation of northern allowances has been a subject of keen public interest for a number of years. The taxation regime on such benefits announced by the federal Minister of Finance in December of 1982 has heightened such interest and resulted in a territorial-wide expression of concern for the anticipated impacts of the new regime due for implementation in the 1984 taxation year. The territorial Department of Finance is taking an active role in developing alternatives to offset the expected extra burden and economic impact of taxing northern allowances. My officials and I have met with and corresponded with several officials of the Departments of Finance, Indian and Northern Affairs and National Revenue. I have engaged a consultant who is highly qualified in this area, who will review the situation and develop further recommendations.

Department's Budget Following Six And Five Restraint Programs

Mr. Chairman, the 1983-84 budget of the Department of Finance has been developed following the principles of the six and five restraint programs. No new initiatives are included in the finance budget and discretionary or controllable costs have been kept at or near a zero growth. While the Department of Finance is requesting a \$1,230,000 increase over last years main estimates, \$801,000 of this is simply a reallocation of computer operations charge-back resources from the Department of Government Services and does not represent a request for new resources to this government. That part of our request which will add to the total government expenditure framework, \$429,000, represents a 5.8 per cent increase. Total salary dollars increased \$514,000, primarily to pay for guideline salary increases, with other O and M increased \$239,000, of which \$214,000 is for non-discretionary items such as insurance contracts. Offsetting these increases is a \$324,000 decrease in debt financing costs, also non-discretionary. Four new person years are being requested, two required by the Fort Smith region to strengthen weaknesses identified by the Auditor General and to support increased workloads. A further two are added to our taxation section to strengthen our existing tax controls and maximize our collection efforts.

Following this committee's review of the Department of Finance, I would like to move immediately into the budget of the Financial Management Secretariat; since there are no budget issues, it requires no further comment. That now concludes my general remarks, Mr. Chairman, and I would be pleased to proceed with the review of the Finance budget.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Ms Cournoyea.

Negotiations On Northern Benefits Package

MS COURNOYEA: Mr. Chairman, the Minister mentioned negotiations on the northern benefits and the problem that is being experienced by the people who feel that the northern benefits will soon be taxable. How are these negotiations being carried out? Is it paid for out of this budget? About how much is it costing the government too, in time, man-hours, and in trying to retain the package deal where there would be no taxation on northern benefits?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, part of it is out of the current years budget, 1982-83, and a portion will come out of this budget, 1983-84, under consideration now. The amounts will be provided by reducing other consultation requirements. I believe that the amount is in the order of some \$20,000.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, the \$20,000, does that include the travel time, or is that just the man-hours that are allocated to secure the northern benefit package?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: That is the total expenditure of this government for the services which we will be receiving from the consultant.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Is there a consultant that is put on base for that, or is that done by Personnel?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, the expectation was that if we were to have the federal departmental officials and the federal Minister of Finance give serious consideration to any representation from this government, we would need a highly qualified and nationally renowned expert in the field of taxation. The consultant whose services we have acquired, Dr. Richard Bird from the University of Toronto, is a man of those qualities and of that reputation. He has published, I think, three or more volumes on taxation and is recognized by the federal Department of Finance as a taxation expert of very high calibre. So I believe we have obtained the services of the best or one of the best taxation minds in the country to assist us in this problem.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Ms Cournoyea.

Taxation To Trappers

MS COURNOYEA: Mr. Chairman, excuse me if I get boring on this subject, but how much funding has been allocated to the plight of the trappers taxation and the problem that they are having?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, we have not hired a consultant to operate in that area. It may be that we would ask this man to look at it, but I would suggest that there have been many representations made to the Minister of National Revenue, the Hon. Pierre Bussières. Representations have been made by Mr. Nerysoo, by myself, and as the honourable Member knows, by the Hon. John Munro, Minister for DIAND. The result of all those representations has been that the Department of National Revenue has determined that the 49 individuals who have been reassessed will receive consideration from the department when their claims are examined. But the Department of National Revenue has decided, and so informed us, that they are not going to take any action to place a moratorium or remove that onus from those taxpayers.

CHAIRMAN (Mr. Pudluk): Thank you. Ms Cournoyea.

MS COURNOYEA: Mr. Chairman, would the Minister relate when he got this directive that there would be no moratorium on the trappers taxation?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: Mr. Chairman, I have been pursuing this matter with Mr. Bussières' department and with the Minister for a long time, and I was very interested to determine whether a recent letter that had been sent by Mr. Munro to Mr. Bussières -- I have one here, dated the 10th -- had been responded to. I was informed by telephone yesterday that Mr. Bussières in response to Mr. Munro, has indicated that there would be no alleviation of the situation. I have asked for a copy of the letter to be dexed to me so I could make it available to the House. That is my information which is as recent as yesterday.

CHAIRMAN (Mr. Pudluk): Thank you. General comments and questions. Does this committee wish to go to page 5.02, administration? Mrs. Sorensen.

Special Schedule On Income Tax Form For Hunters And Trappers

MRS. SORENSEN: Just to follow up, Mr. Chairman, there was another aspect to the whole question of hunters and trappers and taxation, and that was the call for a special schedule on the income tax form that recognized that hunters and trappers were in the same category or a similar category as farmers and fishermen, who also have a special schedule. Was there any mention in the telephone call that that was being looked at seriously by the federal tax department?

CHAIRMAN (Mr. Pudluk): Mr. Minister.

HON. TOM BUTTERS: I regret I do not have a copy of the document with me. I do not think the document did deal with that matter, because I do not think Mr. Munro had made any reference to this in his original letter. I believe that there has been some progress in this area, and Mr. Nerysoo, my colleague for Renewable Resources, has probably more up-to-date information than I have. I know he has approached Mr. Rompkey and Mr. De Bané on this, and Mr. Rompkey would be of special assistance because I think he has the responsibility for small business. About a year or two ago the Newfoundland fishermen were assisted in this particular area, and he would recognize the advantages and values of having the trappers designated similarly. However, no, there is nothing that I recollect in the letter to refer to that particular initiative.

CHAIRMAN (Mr. Pudluk): Thank you. Mrs. Sorensen.

MRS. SORENSEN: Mr. Chairman, I wonder if Mr. Nerysoo could respond. I see it as being a particularly important issue and one that this House should address if it is not being addressed by the federal government. We should give direction to the Minister to use the same kind of pressure and the same kind of expertise that he is using for the taxation of benefits, for the continuing pressure for a moratorium on the hunters and trappers taxation and the call for a schedule on the income tax form. I am wondering if Mr. Nerysoo perhaps has more information.

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

HON. RICHARD NERYSOO: Just to indicate that I did discuss this specific issue with Mr. Rompkey when he was the Minister responsible for Revenue Canada, and at that time he did not indicate a positive response. However, he did not indicate that he would not want to pursue it. The suggestion that the Member is making with regard to retaining the services of some individual that would look seriously at that particular taxation item, I certainly would pursue it if I think that the Members in this House recommended that. I am not totally aware of the correspondence recently between Mr. Munro and Mr. Bussières but I do know that I contacted Mr. Munro through telex some three weeks ago with regard to the specific issue of taxation of hunters and trappers, and he did indicate he had received the document.

CHAIRMAN (Mr. Pudluk): Now the hour is 6:00 o'clock, I wish to report progress. I would like to thank our witnesses at this time. See you tomorrow.

MR. DEPUTY SPEAKER: Mr. Pudluk.

REPORT OF THE COMMITTEE OF THE WHOLE OF BILL 1-83(1), APPROPRIATION ORDINANCE, 1983-84

MR. PUDLUK: Mr. Speaker, your committee has been considering Bill 1-83(1), and wish to report progress.

MR. DEPUTY SPEAKER: Thank you, Mr. Pudluk. I just wish to clarify for the record that the motion for first reading of Bill 2-83(1) was carried under item 13 of today's orders. Thus Bill 2-83(1) has had first reading. Announcements from the floor. Are there any announcements? Mr. Clerk, announcements and orders.

CLERK OF THE HOUSE (Mr. Hamilton): Announcements, Mr. Speaker. There will be a caucus meeting tomorrow morning, 9:30 a.m., in the caucus room.

ITEM NO. 16: ORDERS OF THE DAY

Orders of the day, Wednesday, March the 2nd, 1:00 p.m.

1. Prayer
2. Members' Replies
3. Oral Questions
4. Written Questions
5. Returns
6. Ministers' Statements
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, Recommendations to the Legislature and Other Matters: Appearance of Bell Canada and NorthwTel Witnesses; Bills 1-83(1), 6-83(1), 7-83(1), 8-83(1), 9-83(1), 10-83(1), 11-83(1), 12-83(1), 13-83(1), 14-83(1), 15-83(1), 16-83(1), 17-83(1), 18-83(1), 20-83(1)
16. Orders of the Day

MR. DEPUTY SPEAKER: This House stands adjourned until Wednesday, March the 2nd, at 1:00 p.m.

---ADJOURNMENT

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