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Chair

Mr. Bruce Stanton

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• (0855)

[Translation]

The Chair (Mr. Bruce Stanton (Simcoe North, CPC)): Welcome to the members of the committee as well as to our guests and witnesses.

This is the 55th meeting of the Standing Committee on Aboriginal Affairs and Northern Development. Pursuant to the order of reference of Wednesday, February 12, 2011, we are continuing today our study of Bill C-530, An Act to amend the Northwest Territories Act (borrowing limits).

[English]

This morning, on the continuing study of this bill, we welcome guests from the Government of the Northwest Territories, as well as Finance Canada, and the Department of Indian and Northern Affairs Canada.

I'm sure you are familiar with the routine here. We have opening comments for up to 10 minutes. We're going to be hearing opening presentations from the Government of the Northwest Territories as well as from Finance Canada.

I think we'll go to the GNWT first. We welcome Ms. Margaret Melhorn, who is the Deputy Minister of Finance for the government. She is joined by Kelly Bluck, who is the manager for fiscal policy and intergovernmental relations. Ms. Melhorn, we'll go ahead for your opening presentation, and then we'll go to Mr. Forbes for Finance Canada.

Go ahead, Ms. Melhorn.

Ms. Margaret Melhorn (Deputy Minister of Finance, Department of Finance, Government of the Northwest Territories): Thank you.

I'd like to thank the standing committee for the opportunity to meet with you as part of your deliberations on Bill C-530, a private member's bill that would amend the Northwest Territories Act with respect to the Government of the Northwest Territories' authority to borrow.

Under the NWT act, the Government of the NWT, or the GNWT, has virtually all the program responsibilities and taxation powers of a province, with the important exception of the management of our lands and resources and the ability to levy and collect royalties on the development of those resources.

The signing of the devolution agreement in principle this past January is a critical step toward our government's assuming that

province-like authority. One other significant anomaly in our government's authority is the inability—

The Chair: Sorry, Ms. Melhorn, if I could just interrupt, we're doing our simultaneous translation. If you're reading a text, just take your time, and we'll have the opportunity to get the translation as we go. There's lots of time. If you go over by a minute or so, we're quite willing to take that. That's great. Just read at a good pace, and we'll be all set.

Thanks.

Ms. Margaret Melhorn: One other significant anomaly in our government's authority is the inability to borrow without federal cabinet approval. Section 20 of the Northwest Territories Act requires the GNWT to obtain Governor in Council approval to borrow. The most recent order in council approved last April authorizes the GNWT to borrow up to \$575 million until March 31, 2015, and up to \$500 million thereafter. This requirement for federal approval to borrow is a shortcoming in the NWT Act. We would prefer either to eliminate the requirement altogether or to base it on provisions similar to our fiscal responsibility policy.

Governments must be able to borrow to adequately plan for and deliver program services and infrastructure to their residents. The imposition of a borrowing limit has long been an issue for the GNWT. The Northwest Territories has a significant infrastructure deficit. The territories lack of transportation and energy infrastructure is a barrier to economic development and to the well-being of our residents. Other governments are able to borrow to finance large capital investments and to service that debt either from tax revenues or from revenues generated by the project, such as tolls or power sales.

The GNWT borrowing limit is inadequate to allow for the investment in the infrastructure we require. In the absence of an adequate borrowing limit or additional funding to meet infrastructure needs, the GNWT has two options: reduce spending on core programs and services or not make necessary investments. This means that NWT residents are not able to take advantage of economic opportunities and the GNWT is not able to make investments that will create long-term benefits.

The borrowing limit is part of a continuing dialogue between the GNWT and the federal government. In 2006 we requested that the borrowing limit be changed to reflect the approach to debt and borrowing that we have adopted in our fiscal responsibility policy. In 2007 the limit was increased from \$300 million to a more adequate \$500 million. In April 2010 the limit was temporarily increased to \$575 million to allow the GNWT to assume \$165 million in debt associated with the Deh Cho Bridge project.

In May 2010 Minister Flaherty asked his territorial counterparts to participate in a general review of the territorial borrowing limits to clarify the definitions used by all three territories with respect to what constitutes borrowing for the purposes of the limits. The NWT Department of Finance is working with Finance Canada and the other territories to complete this review. The review, however, has created uncertainty for the GNWT. One of its potential consequences is a change in the treatment of some debt. Some changes might give us more room, but other changes might require the GNWT to request an increase in the limit. Currently, the review does not include discussions about the adequacy of the limit.

Any discussion about the borrowing limit should be twofold. It should address both the adequacy of the limit and the definition of borrowing included in the limit. Neither the NWT Act nor the federal order in council defines borrowing for the purposes of section 20 of the act. The GNWT has relied on advice from our own legal counsel as well as that from the Auditor General of Canada to establish our definition.

For the purposes of the limit, the GNWT defines borrowing as bank lines of credit to the extent that they're actually used, other short-term debt, long-term debentures, bond issues, and mortgages. This applies to direct GNWT borrowing as well as to the borrowing of GNWT agencies, including territorial corporations. The GNWT's fiscal responsibility policy provides clear guidelines for responsible spending, borrowing, and debt repayment, and it defines affordable borrowing limits. The policy has played an important role in maintaining Moody's Investors Service's favourable ratings on GNWT debt since it began rating our debt in 2005. Moody's currently rates GNWT debt as Aa1, one of the highest available ratings.

Under the policy, the GNWT only borrows for infrastructure investments, self-liquidating investments, and repayable loan programs. Total debt is considered affordable as long as the debt servicing payments, both principal and interest, are no greater than 5% of our total revenues. If that threshold is exceeded, operating surpluses must be generated in the following two years to permit principal repayments that will bring debt servicing costs to 5% by the third year. The GNWT is accountable for its management of borrowings through performance criteria, thereby ensuring that total borrowing does not exceed our ability to repay it.

- (0900)

The federal order in council limiting the amount the GNWT may borrow sets an arbitrary amount not explicitly linked to the GNWT's capacity to finance debt.

Our 2006 proposal to Finance Canada requested a blanket authority to borrow for the following reasons.

First, the limit is contrary to the principle of territorial autonomy and decision-making.

Second, the limit is too restrictive, especially since approximately two-thirds of the GNWT's debt is self-liquidating—that is, the cost of servicing the debt is financed by a dedicated stream of revenues from tolls and customers, and not by other government revenues.

Third, the GNWT has demonstrated prudent fiscal management and has a fiscal responsibility policy with clear guidelines and a responsible definition of affordable borrowing limits.

Bill C-530 is one approach to increasing the ability of the GNWT to borrow. The bill would somewhat reduce the arbitrariness of the borrowing limit by linking it to the government's revenues. It would also result in a higher borrowing limit. However, the bill does not define what types of borrowing are to be included in the limit. While the GNWT would welcome a higher borrowing limit, if it means other potential liabilities such as unused portions of bank credit or guaranteed debt that is not a draw on general government revenues are included in the definition, then we may be in the same position we are in now.

The GNWT has not performed any rigorous analysis of the bill. Our preferred approach would be to eliminate the borrowing limit completely. As a responsible government, the GNWT would continue to exercise prudent debt management strategies and adhere to the limits within the fiscal responsibility policy.

The GNWT is committed to the current review process under way with Canada and the other territories. The review will create certainty with respect to the treatment of borrowing and debt for the purposes of the limit. However, this review is not considering the adequacy of the borrowing limit to permit the territories to borrow for large-scale resource development, front-end investment for economic growth, and the capital infrastructure investment required for the normal delivery of government programs.

The GNWT would like to change the question from “What is an appropriate limit?” to “Why should a responsible government be subject to an externally imposed limit on the amount it can borrow?” We are committed to our fiscal responsibility policy, which is based on the principle of living within our means and avoiding unaffordable levels of debt. If there must be a legislated borrowing limit, a formula-based approach mirroring the requirements of the fiscal responsibility policy is preferable to an arbitrary amount.

Canada needs to consider its role in the long-term development of the NWT. The size and definition of the borrowing limit have a very real impact on our government's ability to support needed investments in infrastructure that will grow the NWT economy and improve the lives of our residents. A longer-term perspective on the borrowing limit, one that enables the GNWT to make large, financially sustainable investments would be a win for both governments in our efforts to create a sustainable future for the NWT.

Thank you.

[*Translation*]

The Chair: Thank you, Ms. Melhorn.

Mr. Chris Forbes, assistant deputy minister, Federal-Provincial Relations and Social Policy Branch, will now present an opening statement.

• (0905)

[English]

I also welcome Mr. George Schoenhofer from INAC. Mr. Schoenhofer won't be giving an opening presentation.

We're glad to have you here for questions when we get into that section of the meeting.

Mr. Forbes, go ahead with your presentation.

Mr. Chris Forbes (Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, Department of Finance): Thank you, Mr. Chair.

Thank you to the members of the committee for the invitation to speak before you this morning.

[Translation]

I would like to use my time to explain what the territorial borrowing limits are, the history behind our current policy, the Department of Finance's role in its administration, and to provide some remarks on the Bill before you today.

Under the Northwest Territories Act, Yukon Act and Nunavut Act, Parliament authorizes territorial governments to borrow money. This general authority is restricted by the condition that any such borrowing must be approved by the Governor in Council. The Governor in Council approves territorial borrowing up to a preestablished amount set through Order in Council. This ceiling on the territorial borrowing authority is known as the borrowing limit.

For the Northwest Territories, as my colleague mentioned, this limit is currently \$575 million. Orders in Council for Yukon and Nunavut set their borrowing limits at \$300 million and \$200 million, respectively.

A quick history of the borrowing limits illustrates how the administration of the territorial borrowing authorities has evolved. Originally, the federal government loaned territorial governments money for their capital requirements. Territorial governments were first granted the authority to borrow on the open market in 1983. The federal government has increased the territorial borrowing limits from time to time, in response to territorial requests.

[English]

The Department of Finance is responsible for the administration of the three territorial borrowing limits. The administration of these limits is guided by a number of considerations, and I'll go through three of them now.

The first consideration I'll cover is the capacity of territorial governments to carry debt. The federal government, as you know, makes a significant contribution to support the provision of programs and services in the territories. For example, major transfers from Canada currently account for 76% of the Government of the Northwest Territories' budget, of which the territorial formula financing grant is the major component. The borrowing limits

ensure that this funding is not unduly consumed by interest and debt repayment costs. The government reviews the size of the limits when requested by a territorial government. The government then evaluates the territory's economic and fiscal outlook and current borrowings on the basis of the information provided by the territorial government itself. Increases are recommended to the Governor in Council when a request for an increase is supported by economic circumstances.

A second consideration in the administration of the limits is that the territories are responsible for their own decisions. The structure of pre-established limits balances the federal government's statutory responsibility to approve the amounts borrowed by territorial governments with the need to respect territorial authority to make borrowing decisions, individual borrowing decisions, as authorized by the territorial acts. The federal government does not review individual territorial decisions taken within their limits. Territorial governments are then responsible for the exercise of their own authorities.

A final consideration I'll mention now about the administration of the limits is that they support fiscal planning. The borrowing limits described in order in council are fixed until such a time as a territory requests an increase and the government approves one. This structure provides predictability to territorial governments when making long-term fiscal plans.

Last May, again, as Ms. Melhorn indicated, Minister Flaherty indicated to the three territories that there would be a general review of their borrowing limits to ensure that accounting practices within the borrowing limit align with general accounting practices. This review is not the same as the limit assessments that have been done in the past at the request of the territories. This is a review of the operation of the borrowing limits for all three territories to ensure clarity in the treatment of all borrowing instruments available to governments. Territorial officials are being consulted during the review.

I'll conclude with some remarks about Bill C-530. This is the bill that current borrowing authority for the Government of the Northwest Territories be changed to equal 70% of the revenues it projects for the upcoming year. Based on my understanding, this would move the Government of the Northwest Territories' borrowing limit from \$575 million to about \$950 million and would change the structure from a fixed limit to one with a potential to move or change annually.

My first observation is that the introduction of a variation in the proposed structure doesn't make it clear what the limit will be in future years. A limit that varies from year to year could create challenges for territorial fiscal planners.

My second observation is that Bill C-530 retains the authority for the territorial government to request an additional increase from the federal government. While this could be helpful in a situation where the borrowing limit ends up being lower than projected, it does also put the federal government in a difficult situation if refusing to approve an increase in the borrowing limit could cause the Government of the Northwest Territories to be in breach of its borrowing authority since the approval could potentially be requested after the borrowing terms have been signed.

That ends my remarks. I'd like to thank the committee for the opportunity to speak to you today, and I'd be happy to take any questions you have.

• (0910)

The Chair: Thank you very much, Mr. Forbes.

I'm sure it's been a busy few days for your department up until this week's activities, so we appreciate your attending here this morning.

Now we're going to go to questions from members. The first round is seven minutes, as is customary.

We'll begin with Mr. Bagnell, for seven minutes.

Hon. Larry Bagnell (Yukon, Lib.): Thank you.

Thank you for being here. It's very helpful to have your input.

I don't see northerners as different from any other Canadians. I don't think the Department of Finance or the government would have the nerve to impose such a limit on the people of Quebec. I'll wait for my Quebec people to say that. I don't think they'd be happy if the Department of Finance imposed such a limit on borrowing for Quebec, so I'm not sure why there needs to be one for the north. In fact, why would you enforce a limit that's much less than the federal government, the Department of Finance, itself, is in right now and some of the provinces are in? It's not a huge limit.

My questions are for the GNWT.

It was a great presentation. I totally understand what you want, but that's not what we're debating today. We're going to have to vote. As soon as you leave, we're voting on this bill, and this is the only thing that's before Parliament in the near future, so we really need answers specific to this bill.

Do you think this bill would hurt your government any if it passed? I understand it left the definitions unclear, but you're in negotiations with those and the definition of what is borrowing. Do you think you'd be worse off if this bill passed?

Ms. Margaret Melhorn: As I indicated in my comments, it would increase the limit. As I also stated, until we have clarity on what the definitions of borrowing are, it is hard to say whether it would increase our actual authority to borrow. But everything else being equal, it would increase our borrowing authority.

Hon. Larry Bagnell: But given that those negotiations on definitions of what is considered a debt are taking place at another table, so they're going to affect both the existing formula and the new formula in the same way, would the new formula be an improvement or not?

Ms. Margaret Melhorn: It would increase our limit.

Hon. Larry Bagnell: And that is what you're looking for.

Ms. Margaret Melhorn: It would be an improvement in that respect, yes.

Hon. Larry Bagnell: The one argument I worried about before or that we brought up was that maybe this bill was premature, because you were in negotiations with the federal government, which is good. The federal government is working with you to clarify the agreement. But you made a very important point today, which I was not aware of, that in those negotiations, adequacy is not being

discussed. The whole point of this bill is the adequacy of the limits. So it doesn't appear to me that there is as much light at the end of the tunnel as I had thought there might have been, through those negotiations you're undertaking right now with Finance Canada.

Is that, in essence, what you said? You're not really discussing the limits or increasing the limits in those discussions, but you're more discussing the definition of a debt and clarifying the rules of that provision.

Ms. Margaret Melhorn: The review is looking at the operations of the borrowing limit and how debt is defined. As a result of that review, if the definitions change—particularly with respect to how we currently define debt—then we may need to have a discussion about the limits themselves.

But in terms of the review, perhaps Mr. Forbes would be able to speak more on that.

• (0915)

Hon. Larry Bagnell: Okay.

Mr. Forbes, if the adequacy is not being discussed in the review, and the GNWT thinks the adequacy should be increased, then it looks as though this bill is the only mechanism for them to do that, other than your annual analysis, which certainly hasn't produced a very progressive limit at the moment, compared to the federal government's limit and the provincial limits.

Mr. Chris Forbes: In answer to that, I would just say that the current review is about the application and the definitions of what's covered under the borrowing limit. But I think that in the past when the government was asked by the territories to look at the limits, either individually or collectively, that's what happened. So if there was a request or a question on that front...

We're always reviewing this I think, and certainly when specific requests come in, as—

Hon. Larry Bagnell: So following up on that, has the GNWT ever requested a higher limit than you presently have, or in the past have you requested of the federal government that there be no limits?

Ms. Margaret Melhorn: As I outlined in my statement, we made an approach proposal to Canada in 2006 to change the limit to reflect our fiscal responsibility policy. The policy we adopted in early 2005, following a significant amount of work on our part to develop an approach to debt that would make sense in our circumstances, we took to Canada. At the same time, we used that in our discussions with Moody's when we sought our first credit rating. And we continue to follow that policy.

So when we made that proposal to Canada in 2006, the limit was increased from \$300 million to \$500 million, but it was not specifically what we had requested.

Hon. Larry Bagnell: Just to play the devil's advocate, this is just a modest increase compared to what the provinces and the federal government have. Would a compromise position be that you're allowed to have whatever debt limits you choose, but they could not be any more risky or flexible than what the federal government or the provinces have? Would that still dramatically increase your flexibility and your autonomy and your respect as being one of the 13 levels of responsible government in Canada?

Ms. Margaret Melhorn: I'm not sure what you mean by "what the provinces or federal government..." There are no limits of a similar nature on provinces or the federal government.

Hon. Larry Bagnell: I'm sure they impose limits on themselves.

Ms. Margaret Melhorn: Without knowing what those specific limits are, I can't speak to that.

Hon. Larry Bagnell: You have a borrowing policy yourselves.

[*Translation*]

The Chair: Thank you, Mr. Bagnell.

It is now Mr. Lemay's turn for seven minutes.

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you.

I want to thank the witnesses for being here.

You will easily understand my position, Ms. Melhorn. Any act of sovereignty by a territory is welcome. Obviously, we agree on what you said. We will clearly support Bill C-530 because it represents an act of sovereignty. You know my party's position. The Aal credit-rating that Moody's gave you is indeed very good.

I see there is some uncertainty here. I know, Mr. Forbes, that you cannot take a political stand on behalf of the Minister and that you are engaged in the discussions. However, I want to ask you a question. How much, in millions of dollars, is 76% of the GNWT's budget? How much is that exactly?

Mr. Chris Forbes: I do not have the exact dollar figure. I think it is over \$1 billion.

• (0920)

Mr. Marc Lemay: This is the amount that the federal government transfers to the Northwest Territories for their operations.

Mr. Chris Forbes: Yes, exactly. But this is—

Mr. Marc Lemay: I understand. You also have to account for education.

Ms. Melhorn, do you think you could do without that \$1 billion if your government had no borrowing limits?

[*English*]

Ms. Margaret Melhorn: Just to clarify, would we be able to borrow if we had no federal funding? I do not think so, no.

[*Translation*]

Mr. Marc Lemay: Okay.

Thus, you need the federal funding. I understand. Canada has a system, which is equalization. Correct me if I'm wrong, Mr. Forbes, there is legislation that requires the department to apply the federal territorial act in order to give the territories the funds they request.

Mr. Chris Forbes: Yes.

As I already mentioned, the act prescribes borrowing limits.

Mr. Marc Lemay: You said that if Bill C-530 is passed, "it could also put the federal Cabinet in a difficult situation".

I do not really understand what you mean. Up to that point, everything was clear.

Mr. Chris Forbes: Perhaps I can better explain what I mean.

This is about the revenue estimates of the GNWT. If, in a given year, they forecast a 5% decrease in revenues, according to the bill, this can reduce the borrowing limit for the next year.

Mr. Marc Lemay: I will now ask you the \$6 million question: how much does the federal government get from natural resources or natural resource projects in the Northwest Territories? Do you have an estimate of these revenues?

Mr. Chris Forbes: Do you want a dollar figure? I do not have this now.

Mr. Marc Lemay: I guess it is more than \$1 billion.

Mr. Chris Forbes: Statistics Canada has data, the balance sheet, if I may say so. I can provide you with a copy showing what the federal government pays to the territories and what it gets from—I think it is less than \$1 billion.

Mr. Marc Lemay: Let us assume it is less. However, we all know there are discussions about a pipeline in the Northwest Territories. There are gas, oil and mining operations. We know what to expect in the future. Finance Canada surely has estimates of the potential wealth of the territories.

Mr. Chris Forbes: Personally, I do not have such estimates.

There is presently some talk about devolution. My colleague may have more information about this.

Mr. Marc Lemay: Please go ahead, Mr. Schoenhofer.

Mr. George Schoenhofer (Director, Devolution and Major Programs Directorate, Department of Indian Affairs and Northern Development): Would you please repeat the question?

Mr. Marc Lemay: Have any studies been made to evaluate the economic development potential of the North in the areas of oil, gas and mining? Do you have a list of the license applications received? Do you presently have an evaluation of these resources? What does this represent in terms of revenues for the next five years?

[*English*]

Mr. George Schoenhofer: I'm not aware of any studies that have been done on that.

[*Translation*]

I am not sure that such reports are available.

Mr. Marc Lemay: But, Mr. Forbes, we can guess that—

Perhaps I will ask the question to Ms. Melhorn. I suspect you want to answer.

Are there any evaluations? I can tell you about development in northern Quebec where exploration and mining operations will produce billions of dollars in spinoffs. The territories are lucky to have gas and oil resources. I heard about the road to Tuktoyaktuk and so on. How much money are these projects expected to produce? Do you have an evaluation of the revenues to be expected from mining, gas and oil exploration and development projects?

• (0925)

[English]

Ms. Margaret Melhorn: The royalties generated from the Northwest Territories in the past few years are from the three diamond mines that operate in the Northwest Territories, the Norman Wells oil field, and some small production of natural gas. But with the construction of a pipeline along the Mackenzie Valley to the Beaufort Delta area, there is significant potential for increased revenues from the development of the natural gas in that area, but that is some years away.

The current royalties that accrue to Canada range from \$100 million to \$200 million, depending on the price of the commodities. That's a rough approximation.

[Translation]

Le président: Thank you.

[English]

Ms. Margaret Melhorn: Potential revenues from a pipeline would not be realized until probably the next decade and would depend on the forecast price of natural gas.

[Translation]

The Chair: Thank you, monsieur Lemay.

We will now turn to Mr. Bevington for seven minutes.

[English]

Mr. Dennis Bevington (Western Arctic, NDP): Thank you, Mr. Chair.

I'm pleased to have the opportunity to question you on this bill. It's something I have put forward in good faith to give our territory a chance to assert itself in terms of its fiscal capacity, its responsible nature, and its plans for the future. Of course, all of those come together for any government in this country, and I certainly believe that our government is a government.

Over the years we have needed to rely on federal financing through a process similar to equalization to ensure our government can protect the interests of our citizens over 1.4 million square kilometres of a vast land that has very expensive infrastructure requirements and very expensive requirements for its citizens as well. You know that.

When we talk about the 76%, that includes all of what Mrs. Melhorn has spoken to. Is that not correct? In terms of the royalties you accrued on behalf of the people of the Northwest Territories, the federal government collects all those. On the Norman Wells field, you collect between \$100 million and \$150 million a year. On the diamond fields, which you are totally responsible for, you set the royalty rate. You collect the money. That's a \$2 billion industry.

You talked about the relative rates of royalties and taxation. In terms of the 76%, does that also include the dollars you collect in taxation?

Mr. Chris Forbes: The 76%, just to be clear, was an estimate of the current transfers provided from the Government of Canada, the larger ones, through the territorial formula financing, the Canada health transfer, the Canada social transfer—

Mr. Dennis Bevington: Does it take into account the moneys you collect in the Northwest Territories?

Mr. Chris Forbes: No. As I said, this is the share of the Northwest Territories revenues. It's a rough estimate that comes from the federal government.

Mr. Dennis Bevington: Are the taxes you collect in the Northwest Territories for the territorial government included in that 76%?

Mr. Chris Forbes: As I said, no. As I said in my response to the previous question, if you're interested in that kind of figure, you can go to Statistics Canada's provincial and territorial economic accounts and they can provide you with an estimate of the total flows, to and from.

Mr. Dennis Bevington: I find your presentation very paternalistic. You talk about the problems with the bill and you say you're very concerned that somehow this Government of the Northwest Territories won't be able to manage its expenditures within a percentage it set for itself. Does this Government of the Northwest Territories now project its own estimates of revenues and expenditures? What has its record been on that?

• (0930)

Mr. Chris Forbes: Sorry, just to be clear, I don't think I said anywhere that I was very concerned about the Government of the Northwest Territories' ability to manage. I just raised a couple of considerations. I'm not an expert in what their record is on projecting. I was raising a consideration about one of the challenges of having a limit that moves over time and isn't stable. It's just a consideration, and that was what it was intended to point out.

Mr. Dennis Bevington: To the Government of the Northwest Territories, with the formula you're working on with the federal government now, are you not concerned that if you have to identify projects that are self-financing you'll run into the same situation that he's proposed here, where the revenues that are accruing to particular investments that you make will not perhaps match up every year to your requirements, and then those debts would not be self-financing?

Are you going to be engaged in a process that will mean that every debt you incur will be reviewed every year by this federal government to determine whether you are matching the debt to the revenues you're collecting?

Ms. Margaret Melhorn: I wouldn't say that. I think once we have established the definitions and are clear on what constitutes borrowing and how it would be treated for the limit, then we would proceed to manage on the basis of those definitions as we go forward, similar to how we do now under the definitions we currently use.

Mr. Dennis Bevington: So you're comfortable that you know your fiscal capacity to manage debt and to manage payments is adequate to cover these situations, which also could be quite variable?

Ms. Margaret Melhorn: When we get into the situation of borrowing, we like to know what it is we're getting into, what the revenues are that are associated with that debt. For example, when our power corporation borrows for its capital purposes, it's projecting what revenues it's going to generate from that investment, and it puts that into its financing projection so that it knows, based on the sale of electricity, that it will have the ability to pay the debt-servicing costs associated with the debt it takes on. Similarly, if we were to get into any other project that we hope to finance out of the revenues from that project, we would want to have a fair degree of certainty about the revenues it would generate.

Mr. Dennis Bevington: Do you really think this federal government has any need to oversee your borrowing capacity in any fashion at all?

Ms. Margaret Melhorn: We have confidence in our ability to manage our fiscal circumstances.

Mr. Dennis Bevington: I, too, have that confidence, having been close to this for most of my life. I see that as being something that wasn't an issue, and I'm very pleased to hear what you've had to say about the relationship, because in my conversations with the finance minister of your government we always talked about these two processes going on separate tracks, because they are up there.

The Chair: We'll have to wrap it up there, Mr. Bevington. We're out of time. Thank you very much.

Now we're going to Mr. Rickford for seven minutes.

Go ahead, Mr. Rickford.

Mr. Greg Rickford (Kenora, CPC): Thank you, Mr. Chair.

And thanks to the witnesses here today.

I've struggled enormously with this whole process, and I'm going to ask a couple of quick questions for some certainty and clarity.

Mr. Forbes, to start, how is devolution connected to Northwest Territories borrowing limits?

Mr. George Schoenhofer: I can answer that. It's not.

● (0935)

Mr. Greg Rickford: Okay, it's not connected.

Ms. Melhorn, this is a very serious matter obviously. You said in your statement that "the bill does not define what types of borrowing are to be included in the limit". Indeed, despite the member from the territories' enthusiasm, what that means is there is no clarity around this particular bill.

I'm concerned. As I understand it, you're in a process right now with the federal government to have the borrowing limit removed all together. That would be your best end game.

Is that true?

Ms. Margaret Melhorn: Yes, that would be the position of our government.

Mr. Greg Rickford: If we were thinking paternalistically and we had a federal member of Parliament intruding on a process that is not consistent with the territories' ultimate goal...the concerns of the federal government notwithstanding, they seem to be at odds with each other. That's just an observation I would make.

I'm curious. You said in your statement that you're committed to the review process that is under way with Canada. There are some consistency issues around accounting and things that have to be sorted out with respect to the other territories.

You say that you haven't done a rigorous analysis on Bill C-530. We're one step, one hour, away from referring this matter back to the House for a final vote. It has a substantial impact on the process you're currently committed to with the federal government.

Is there a specific reason that you didn't do a rigorous analysis? Is the bill unimportant in your mind? In other words, the real process is what you're doing with the federal government, so why haven't you done a rigorous analysis? I'm just curious.

Ms. Margaret Melhorn: As you indicate, we are in a process with Canada. It's an important process, to clarify what constitutes debt for the purpose of the limit. This has important implications for our fiscal planning and our fiscal management, so we are committed to seeing that process through.

The bill is not a particularly complicated bill. It's fairly easy to determine what the borrowing limit would produce based on the formula it includes. As I indicated in my statement, it doesn't provide any further clarity on what constitutes borrowing than the current Northwest Territories Act does.

Mr. Greg Rickford: On a political level, we've heard some inconsistent statements in terms of the position on Bill C-530. I think my colleague will deal with that.

With this devolution process, which is not connected to borrowing limits...maybe you could describe how the devolution process is going, in your view, to make Bill C-530 relevant in the face of a process that is currently well under way with the Government of Canada.

Ms. Margaret Melhorn: I'm sorry, what is the question?

Mr. Greg Rickford: Let's break it down. What is the status of devolution, and what are your thoughts about the fact that we've heard that devolution is not connected to the Northwest Territory's borrowing limits?

Ms. Margaret Melhorn: On devolution, as I indicated in my statement, our governments, the Government of Canada, and several aboriginal governments signed the agreement in principle in January. It will set the stage for negotiating a final agreement on devolution. Following that, federal legislation will make the necessary changes to the Northwest Territories Act to enact that change.

This is a very important step toward further development of the Northwest Territories economically, politically, and fiscally. It will give us the last major province-like authority that is critical for Northwest Territories residents to have the tools to take control of the development and management of lands and resources in the Northwest Territories. It will also provide a net fiscal benefit to the Northwest Territories from the royalties that are generated in the territories.

● (0940)

Mr. Greg Rickford: Thank you.

Did a formal consultation process take place with the member and anybody in the department? Are you aware of formal meetings, for example, with the ministers or the premier himself on this matter?

Ms. Margaret Melhorn: I believe there were meetings. I'm not sure exactly when they took place with respect to—

Mr. Greg Rickford: You weren't involved in any.

Ms. Margaret Melhorn: No.

The Chair: Thank you very much, Mr. Rickford.

We accommodated Mr. Bevington on that first round so he could get a question in. He's also a witness here for us today, so we thank him for joining us here as a witness and coming back a second time.

If you like, members, we can have another round of seven minutes. That will give members the opportunity to put additional questions. I know that's a little bit different and unusual, but such is the case for what could be the last full day of our parliamentary session.

Mr. Bevington, I welcome you to join the witness table at this point.

We'll go to Mr. Bagnell for the first question.

Hon. Larry Bagnell: Thank you.

For the GNWT, would it be fair to say that this is a sensitive issue, in the sense that your politicians wouldn't want to bite the hand that feeds them? If they're in negotiations with a government that may not feel that such a provision is appropriate, you have to be sort of diplomatic in positioning a bill like this.

Ms. Margaret Melhorn: Neither our cabinet nor our legislative assembly has taken a position on this bill. Beyond that, I can't speak to the political....

Hon. Larry Bagnell: So neither the cabinet nor the legislature has taken a position on this bill.

Ms. Margaret Melhorn: Correct.

Hon. Larry Bagnell: That's good to know.

In your opening remarks you suggested that your preference would be to have no limit at all. You have an agreement in principle with the federal government on devolution. Once that's finished it will transfer virtually all the substantive residual provincial powers to the GNWT. For most intents and purposes, you will have very similar powers to the major powers of a province. Is that true?

Ms. Margaret Melhorn: That's true.

Hon. Larry Bagnell: Does it not seem an anomaly or paternalistic that the federal government would want to keep this one item of what seems like excessive control of a borrowing limit when it doesn't force that on any of the other 13 jurisdictions in Canada, other than the other two territories?

Ms. Margaret Melhorn: I think I used the term “anomaly” in my statement.

Hon. Larry Bagnell: You used the word “anomaly”.

● (0945)

Ms. Margaret Melhorn: Yes.

Hon. Larry Bagnell: Okay.

With the revenues you talked about in that devolution agreement that Mr. Rickford brought up, you mentioned the increasing revenues that would bring to you, which then would also give you even more resources to pay the interest on such debt over and above the increasing revenues that the debt would bring in because it's increasing infrastructure that would then be access to more resources.

Ms. Margaret Melhorn: There would be a net fiscal benefit associated with that devolution. It would increase our revenues, yes.

Hon. Larry Bagnell: Mr. Bevington, before you embarked on this venture, did you discuss it with politicians in the GNWT?

Mr. Dennis Bevington: Before I brought this bill forward for consideration by the House, I certainly did. Before I brought it forward for first reading...well, private member's bills are—

Hon. Larry Bagnell: I'm sorry, let me rephrase the question. Up to today, have you had discussions with GNWT politicians on this bill?

Mr. Dennis Bevington: Absolutely, I have, on an ongoing basis.

Hon. Larry Bagnell: What did they say?

Mr. Dennis Bevington: Here's a response in Hansard from the finance minister:

The Member of Parliament is elected by the people of the Northwest Territories in a general election. He doesn't answer to this Assembly, he answers to the people of the Northwest Territories.

This is the Minister of Finance in our government:

He has tools at his disposal to advance causes that he sees as important to the development of the Northwest Territories, some that we share in common with him. The Member of Parliament had the good grace to contact us, to consult with us, to indicate to us what he was doing, ask for our feedback and our thoughts, which we gave him. But it should be very clear in this House, he doesn't answer to us, we don't answer to him, and he's doing what he thinks is necessary as a Member of Parliament.

That is the Minister of Finance of our government speaking on November 4, 2010.

Yes, of course, I have. In terms of formal consultation, I live in the north and I consult with people in my way. I'm a politician. I reserve the right to consult with people in my way. I consult with people at every election as well, and I represent all the people in the Northwest Territories. For anyone to doubt that is to doubt our basic democratic principles in this country.

The Chair: You still have a couple of minutes.

Hon. Larry Bagnell: In your discussions with GNWT politicians, did any of them raise any problems that the passing of this bill would cause for the Government of the Northwest Territories?

Mr. Dennis Bevington: Quite clearly, this presentation that was made today explains very clearly what's going on. Perhaps, even to me, that wasn't as clear as it has been today, and the guidance I have received from the Minister of Finance has been to carry on “as you see fit”, so in that sense, I haven't had any instructions not to do what I'm doing.

Hon. Larry Bagnell: Okay.

Mr. Forbes, given that this wouldn't give any additional financial debt or anything to the federal government, why would you care if this bill passes or not?

Mr. Chris Forbes: From our standpoint, as I went through it, we would look at this. We have a statutory requirement for a limit and we would look at, as I suggested, a few issues when determining whether the limit is adequate or not. We've come to a limit now, which is \$575 million temporarily and going back to \$500 million in a couple of years, which was itself an increase that was given a few years back.

I think the government has gone through a process of reviewing based on definitions and based on economic and fiscal circumstances on what it thinks is the right limit to put on it.

Hon. Larry Bagnell: Is there a limit on the federal government?

Mr. Chris Forbes: The federal government can borrow as markets see fit to lend it.

Hon. Larry Bagnell: The federal government has no limit on the amount we can go into debt?

Mr. Chris Forbes: Not that I'm aware of.

Hon. Larry Bagnell: You're not recommending that, although you are recommending it for another level of government.

Mr. Chris Forbes: I'm just saying there's a statute in place, and we have a role to evaluate the limit under that statute.

● (0950)

The Chair: Thank you, Mr. Bagnell.

Let's go to Mr. Payne.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Mr. Chairman, and thank you, Mr. Bevington, for coming in today.

I notice that you read something from the finance minister—from November 2010, I believe you said.

I would like to make some comments here. Of course, you appeared before our committee on March 8, 2011. I would like to note some comments from the Honourable Floyd Roland in the territorial legislature.

It goes like this:

Yesterday our Member of Parliament, the MP for Western Arctic, testified before the federal Standing Committee on Aboriginal Affairs and Northern Development. The committee is considering Bill C-530. ... I am concerned his comments did not reflect all of the information that I conveyed to him. ... I told the Member [for the GNWT] the GNWT would await the outcome of the federal review of territorial borrowing limits before determining what further actions might be necessary with respect to our borrowing limit.

Mr. Ramsay, who also got up to speak, said:

I'd like to speak today about Bill C-530. The bill and our MP, Mr. Bevington, where in front of the Standing Committee on Aboriginal and Northern Affairs Development on Tuesday, March the 8th, in Ottawa. I found that most of what our MP had to say about consultation with people here in the Northwest Territories and our government to lack, quite frankly, any semblance in reality.

He goes on to say:

Does our MP actually believe that sending a letter then selecting parts of the response you like is consultation with our government? He states quite clearly that, in his opinion, consultation has taken place. ... The fact is, this consultation has not taken place in a meaningful way. ... What is most important to me is letting the review currently underway to look at the borrowing limits of the three territories to conclusion. ... this is just not the right approach by our MP. ...but

on this effort he is completely off base and we should let the federal government know that he has not consulted us nor does he have the blessing of all Members of this Legislature.

Further to that, he goes on to say again, once he gets up to speak:

I'd like to ask the Premier if he's sure that our Member of Parliament was awake when the Premier told him whether there was a process underway addressing the borrowing limit of the Government of the Northwest Territories. Was he actually awake?

Mr. Bevington, I do have some other questions. You also said you had some consultation with our finance minister. I find that quite interesting, because I believe our finance minister voted against your bill. I'm not sure what the result was of those consultations that you may have had with him.

When you were here before, you indicated that you had a letter from Premier Roland, and I'm wondering if you can provide us with a copy of that letter.

Of course, we did get some responses from the questions you did give us. We've had a chance to review them, and we appreciate your sending those answers. I think the committee really needs to ensure the answers are sufficient for those who would be involved in administering this bill should it pass, especially the Auditor General. As you know, she is the Auditor General for the Northwest Territories. As such, this proposal really needs to be transparent for her to do her job going forward.

I would therefore ask that before this committee ultimately votes on this bill, we either have the Auditor General appear before the committee to speak to it or we forward this letter and this bill for her observations.

Would you agree with that order of events, and would you be able to provide the copy of the letter from the premier? If not, why not?

● (0955)

Mr. Dennis Bevington: I'd be very pleased to do that. The copy of the letter is there.

Do you want me to comment on your statement, or do you want to continue with your questioning?

Mr. LaVar Payne: I was asking if you would agree with the course of events in terms of asking for the Auditor General to appear before us.

Mr. Dennis Bevington: If I could speak to the course of events in regard to the premier's statement, when I quoted from his letter—

Mr. LaVar Payne: No, actually, Mr. Bevington, you may have quoted from his letter; I'm quoting from the information that was spoken in the NWT legislature by the premier and by Mr. Ramsay subsequent to your visit here. I can only take what they're telling me.

The other thing I wanted to ask you, Mr. Bevington, and I didn't have a chance to get the question in is, are you aware that in our economic action plan, Budget 2011, we are providing \$150 million for a new road from Inuvik to Tuktoyaktuk? Are you aware of that?

Mr. Dennis Bevington: What I realize is that you have made a promise for \$150 million for a road. Any money that would come on that particular promise would only come in 2012-13. I don't see that there's any money in the budget for that promise. I like the promise. I hope the promise is kept by the government, but if it's like many of the other promises you've made on capital infrastructure—

The Chair: Order. I'm not sure if that's entirely relevant. It's not relevant to the subject at hand.

Mr. Payne, I ask you to get back on the subject.

Mr. LaVar Payne: Mr. Bevington, would you agree that we should have the Auditor General come before the committee before we actually vote on this bill, to ensure we're getting all of the facts before us, and if not, why not?

Mr. Dennis Bevington: Any effort to provide information on this subject I would welcome. I would absolutely welcome that information. If it is the Auditor General or people off the street, I would accept any witnesses you would have on this because I think this is a very important bill.

The Chair: Thank you very much, Mr. Payne.

We'll now go to *monsieur Lévesque pour sept minutes*.

[Translation]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Thank you, Mr. Chair.

You know, Ms. Melhorn, I feel a lot of sympathy for the GNWT. I think this is a government that has great difficulty making decisions because it has to operate with inadequate powers.

Mr. Forbes, I feel like asking you a question that is of particular interest to me. I could address it to Ms. Bluck but this would waste some of the time granted to the NWT representatives. I wanted to ask you how the negotiations relating to tax harmonization in Quebec are going, but I know you will not answer.

An hon. member: Dead right!

Some hon. members: Oh, oh!

Mr. Yvon Lévesque: I was part of a delegation that visited the Yukon, the Northwest Territories and Nunavut. Obviously, Quebec has long-standing claims but when I consider the powers granted to territorial governments, I find it incredible. It is as if a father gives a \$20 bill to his son in the evening and tells him he can go out and spend his money, but if he finds any treasures, they would belong to the father. Why bother creating territories if you act as if they are incapable of managing their own affairs?

When I saw you here, I wondered whether you had made an evaluation of territorial resources and projected potential revenues of the territory you represent, using such things as the existing provincial equalization formula and combining all of this. I am certain you have the administrative capacity to manage your revenues and expenditures and to make the required decisions for a faster and more efficient development of territorial resources.

Do you have any data in that regard? If you do, can you share it with us?

• (1000)

[English]

Ms. Margaret Melhorn: I spoke earlier about the revenue potential and the economic development potential of our territory. It is significant. There are mineral, oil, and gas resources there that could be developed if we had more infrastructure to make the resources more accessible. With respect to administration of our revenues, I think we can demonstrate an excellent track record with respect to maintaining sound fiscal policies. When we sought a credit rating from Moody's, which was the first credit rating obtained by a territory in Canada in 2005, we were particularly interested in having an independent evaluation of our fiscal management and our fiscal policies, and we were very pleased at that time to receive an excellent rating from Moody's. We have confidence in our ability to manage our affairs.

[Translation]

Mr. Yvon Lévesque: I have a question regarding the evaluation of your capacity to borrow for exploration and development, of your tax revenues and so on. Without the limit prescribed in the legislation mentioned by Mr. Forbes, how much money do you think you could borrow?

[English]

Ms. Margaret Melhorn: Just to clarify, do you mean our ability to raise funding through debt by borrowing?

There are potential projects in the Northwest Territories that would generate their own revenues, particularly in hydro development, that would go a long way to help develop our economy to provide energy for the mining sector. So we're interested in pursuing those types of projects that would have a source of revenue associated with them from the sale of power. That's the type of investment, in particular, that we would like to pursue.

[Translation]

Mr. Yvon Lévesque: Thank you, Ms. Melhorn.

My colleague may have a question.

Mr. Marc Lemay: Mr. Bevington, you surely know that we intended to start clause-by-clause study of the bill in a few minutes.

In answer to my colleague, Mr. Payne, you said that you would agree to let the Auditor General study the bill. You know that this could indefinitely delay its passage. Is it really necessary for the Auditor General to review the implications of Bill C-530?

[English]

Mr. Dennis Bevington: That is a different question from what was asked me, and it's something that of course the committee could make a determination on, and that is, whether there was any requirement for the Auditor General. I don't think so. We have the main players who are engaged in this particular issue.

I feel this is a political issue. This is an issue of regional sovereignty. It's an issue of responsible government. It's an issue of the right of the people of the Northwest Territory for equality based under the political rights that we have under the Charter of Rights and Freedoms in this country. What's the Auditor General going to say to that? What's she going to say to the basic political message that needs to be delivered here? I don't see that it's so important. But if the committee made the decision to see more witnesses, I would respect that. I would respect what the committee wants to do with this because this is a very important issue for my constituents.

•(1005)

The Chair: Merci, Mr. Lemay.

Just before we go to the next question, members, we do have the letter that was referenced in the earlier round on the request from Mr. Rickford. It is only in English, so if there is agreement to circulate the letter, we're happy to do that. Assuming there is not, we will receive the letter and have it translated and circulated to members. You're nodding heads, so we'll proceed on that basis.

Now we'll invite Mr. Rickford for seven minutes. Go ahead.

Mr. Greg Rickford: Thank you, Mr. Chair.

I actually don't have any line of questioning here. I'm concerned that we have two items on the go.

First of all, we'd like to see the letter, and there is a translation process there. Second, the member, who is also a witness, has just said that he supports further witnesses. I'm not so sure there are a lot more witnesses out there, but he did agree specifically with us that we would benefit from the Auditor General for the Government of the Northwest Territories to be here.

So to that extent I would, perhaps by way of motion, put it out there that we can't proceed with clause-by-clause today because we have these two steps to take. And, thoughtfully, there is a process there that we have to go through.

The Chair: To the first point, on the letter, you understand that we can't circulate it today.

Mr. Greg Rickford: I completely understand that.

The Chair: It's just to clear that up. So we will get it translated and circulated to members.

On the second point, is your motion that we not proceed to clause-by-clause, but to do what, then? To ask the Auditor General to appear before the committee?

Mr. Greg Rickford: Yes, to come before the committee....

The Chair: Okay, and is it just the Auditor General?

Mr. Greg Rickford: And that we receive the letter in both languages.

The Chair: So it's that the committee not proceed to clause-by-clause today, that it invite the Auditor General for further study on this bill—

Mr. Greg Rickford: And that we're in receipt of the translated letter.

The Chair: —and that the letter referenced to Mr. Bevington, dated October 20, be received by the committee before further consideration of clause-by-clause.

That is the motion.

Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay: Mr. Chair, I cannot agree with my colleague. This is not the question I asked. As a matter of fact, I asked Mr. Bevington what he thought about a possible review of the bill by the Auditor General. He said he would agree if that was the will of the committee. But this is not what I want. I want clause-by-clause study of the bill to be done today. If the Auditor General has to intervene in this file, she can do it when the bill is reported back to the House. It would then be possible to know how the situation has evolved in regards to the increase of the borrowing limits.

I think there is an attempt to delay the process. I do not want to be bothered anymore with the Canada economic action plan or a future road to Tuktoyaktuk. Mr. Chair, this has nothing to do with the bill. We are here to advance this file through clause-by-clause study of the bill. We should therefore vote against the parliamentary secretary's proposal.

[*English*]

The Chair: Just to be clear, if we proceed to clause-by-clause, typically we will also be entertaining a question to report this bill back to the House. Once it is reported back to the House, the only consideration for further study will be by the House, not by this committee.

I have Mr. Bagnell.

Hon. Larry Bagnell: I think it will be really clear shortly how each party stands on Mr. Rickford's motion, so I think the chair should bring a vote on the motion fairly quickly, because it will be obvious where everyone stands.

But if the letter is a big concern, we have no problem. It's a short letter. You could just read it out and the translators will translate it while you're reading it and we'll know what's in it.

The other point is, if there are more witnesses—the Auditor General, etc.—they could easily come before the Senate committee, so I don't think we need to hold up our review of this.

•(1010)

The Chair: That's a possibility.

Mr. Russell.

Mr. Todd Russell (Labrador, Lib.): I think Mr. Bagnell makes two very, very relevant points. There's nothing prohibiting the letter being read into the record, with translation. There's nothing that would prevent the Auditor General from passing an opinion if she chooses. She may not pass an opinion on this particular piece of legislation outside the realms of this committee. That would be available to us as parliamentarians in a third reading debate, which we all know is probably a little bit of a long shot at this particular point, but nonetheless, there will be an opportunity for her to do that.

I'm not sure what the procedure is around auditors general commenting on bills that may have some impact prior to them being brought into force or brought into effect by either the House of Commons or the Senate. For instance, I can't recall the government having the Auditor General do a review of their budget, their prison agenda, their jets agenda, or any of their fiscal policy. If somebody can tell me what piece of financial legislation or fiscal policy they have called the Auditor General in to do a review of, I'd like to see it. But I don't think it happens.

I think the real crux here is, do we want to get to clause-by-clause? The motion speaks to postponing clause-by-clause on what I would call very spurious grounds that don't make much sense. So I call the question on the motion.

The Chair: Okay.

I have another couple of speakers. Let's go to—

Mr. Todd Russell: Is the question debatable once we call the question? What's the ruling?

The Chair: Well, you can.... We have speakers on the list, but if you want to proceed.... I think we can resolve this fairly quickly. The question is before members. Others have asked to speak on it.

An hon. member: Call the question.

The Chair: Okay. Is there agreement to put the question, then?

Do you want the motion read again?

An hon. member: No.

The Chair: Okay.

All those in favour of the motion? I see five. All opposed? I'm counting six.

(Motion negatived)

The Chair: To the issue, members did raise the question of whether the letter could be read into the record. Is it the wish of the committee to do that at this point?

An hon. member: Sure.

The Chair: Sure? It's three paragraphs long.

Mr. Payne.

Mr. LaVar Payne: At this point, I don't think there's any point in reading it in. It looks like the coalition has already decided that this is going to go ahead anyway—

Some hon. members: Oh, oh!

Mr. LaVar Payne: —so what's the point, right?

You are in a coalition.

Some hon. members: Oh, oh!

Mr. LaVar Payne: You are.

The Chair: Okay. There is no agreement in terms of doing that, so we'll proceed in the normal fashion to receive the letter, have it translated, and circulate it to members.

Now, to go back to the order, on resuming consideration of the bill, Monsieur Lévesque had finished.

Mr. Rickford, you've finished up.

Now we're going back to Mr. Bevington. Well, I guess it's Ms. Crowder, in fact, as Mr. Bevington is our witness.

Let's go to Ms. Crowder.

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Mr. Chair, I'm wondering, given the time and what we originally had as the orders for the day, why we are not proceeding to clause-by-clause at this point.

The Chair: We can, certainly, but essentially, Madam Crowder, we had a list of speakers. My plan was that once we exhausted that list, we would proceed to clause-by-clause.

Ms. Jean Crowder: Well, I do have a couple of questions.

The Chair: Sure.

Ms. Jean Crowder: I'll proceed with those questions.

Ms. Melhorn, I wanted to ask you a couple of things about this whole notion of the territorial government having these limits imposed. It sounds like it has been a request for I assume a number of years now that these limits be removed.

Ms. Margaret Melhorn: We made our proposal to Finance Canada in 2006.

• (1015)

Ms. Jean Crowder: So given your financial track record—it seems like you have some excellent policies in place and you certainly are well rated under Moody's—has the Government of Canada ever given you a reason for denying the removal of those limits?

Ms. Margaret Melhorn: I can't recall. When the limit was increased, there was some commentary on the government's ability, based on our economic position, to be able to handle the increased debt, but I can't recall a response with respect to removal.

Ms. Jean Crowder: Help me out here. You have a good financial track record. You have a good bond rating from Moody's. You're probably in better shape than some other governments in this country. You have, certainly, resources; we know that with the oil and gas and the minerals and the potential development of the pipeline you're probably in better shape in terms of potential revenues than other provinces.

I'm struggling to see why a limit would still be imposed on a government that's responsible.

Ms. Margaret Melhorn: I can't speak to that; I'm sorry.

Ms. Jean Crowder: So there is no...or you have not heard a good reason to continue with that limit.

Ms. Margaret Melhorn: As I said, I'm not sure I've heard a reason—

Ms. Jean Crowder: Okay: no reason.

Ms. Margaret Melhorn: —one way or the other.

Ms. Jean Crowder: That's telling in itself. I know that Mr. Bevington has talked a number of times about the continuing colonialist approach, and that certainly seems to be embedded in the relationship.

I'm not asking you to comment on that. That would put you in a very difficult position.

With regard to devolution, was there a full consultation around the devolution agreement? People are talking about consultation. Was there consultation with, for example, other federal government departments that could be included, such as Indian and Northern Affairs? What was the consultation process in terms of the consultation with the people of the Northwest Territories about the devolution agreement in principle?

Ms. Margaret Melhorn: The devolution agreement in principle has been under discussion across the north for probably the last ten years, when the initial framework agreement was entered into between the Government of the Northwest Territories, the Government of Canada, and aboriginal groups in the Northwest Territories. The negotiations were with Indian and Northern Affairs primarily, although Finance Canada was involved.

Ms. Jean Crowder: There was a full consultation by the Northwest Territories?

Ms. Margaret Melhorn: Oh, yes.

Ms. Jean Crowder: Okay.

Mr. Bevington, did you have anything you wanted to add to this particular discussion?

Mr. Dennis Bevington: Well, we saw the case in Yellowknife where the aboriginal groups that weren't included in the AIP asked for the INAC minister to consult with them in Yellowknife, and he wouldn't meet with them. That was a matter of months ago.

That's something that was in the press. There was a lot of negative reaction to that in the Northwest Territories, the fact that the consultation between the INAC minister and the aboriginal groups that he has a fiduciary responsibility with didn't take place.

Ms. Jean Crowder: Yes, that's a concern. That's certainly something that my office has heard.

Ms. Melhorn, I want to come back to the fact that we haven't been able to get an answer today about how much revenue is generated out of the Northwest Territories that ends up in federal government coffers, whether it's royalties or taxes collected. Much has been made of the money that comes back into the territories.

Do you happen to have those numbers?

Ms. Margaret Melhorn: Unfortunately, I don't have them with me. The royalties that Canada collects from the Northwest Territories, from the mining and oil and gas development in the north, are a matter of public record. They're published in the *Public Accounts of Canada*.

As Mr. Forbes said, with respect to the net inflow and outflow of federal money and money out to the federal government, that is calculated by Statistics Canada. The particular numbers depend on the given year and the amount of economic activity.

•(1020)

Ms. Jean Crowder: Yes. It's going to fluctuate from year to year.

I'm actually surprised, though, that we aren't able to talk about that today, because it seems like an important number. We'll perhaps ask Mr. Forbes to provide us with the information around the net inflow and outflow. I think it's an important part of the conversation.

Do I have more time, Mr. Chair?

The Chair: You have one minute left.

Ms. Jean Crowder: Mr. Bevington, on the issue around consultation and just generally about your bill, it sounds like people are trying to make a case that you haven't talked to the appropriate people. But I know from letters we've gotten, certainly from the premier and others, that there seems to have been support for you to move forward on this initiative.

Are you comfortable that you did what you needed to do in terms of moving this bill forward and talking to people of NWT?

Mr. Dennis Bevington: What I have done is try to address as many of those issues as possible. We gave opportunities in terms of press releases on this as early as June of last year. It certainly had a great deal of discussion in the media. Certainly with the important players we needed to talk to about this particular bill, that has happened.

I can't answer for members of the legislative assembly who don't read the newspapers and come to me. We offered all MLAs a meeting with Jack Layton and me on September 2 to discuss that issue. If they chose to come, that could have happened. I know that Mr. Ramsay, who lives in Yellowknife, chose not to come, for whatever reason.

The Chair: Thank you, Ms. Crowder.

That is all I have left on the list at this point, unless there are more who wish to put questions.

Just before we go to the next item on our agenda, I want to come back to a procedural point that I perhaps glossed over and that I want to point out for members. In our consideration of the motion by Mr. Rickford, there was a suggestion to move directly to the question. Normally that should not happen until all of the speakers on the list have had an opportunity to put their question. Ms. Crowder had been next on the list, and she indicated that she would relinquish her spot. However, there were two government members still on the list. So I apologize to government members, because we jumped quickly to the question, and I didn't seek the same consideration as to whether the two government members wished to relinquish their spots as well. I erred in that, and I do apologize.

Let's now go to the clause-by-clause consideration. We have Mr. Wayne Cole here with us from the legislative services office to assist us.

I must say that it is a very technical bill.

We're still in public. You're welcome to stay. If witnesses need to leave, thank you for your participation. You're welcome to stay if you wish. This shouldn't take too long.

We welcomed your participation here and your assistance in clarifying these questions on Bill C-530. Thank you very much, and have a safe trip back.

Thank you, Mr. Bagnell.

This is a very short bill, so we'll proceed with clause 1.

Some hon. members: Yes.

An hon. member: On division.

The Chair: I'm hearing "yes" and "on division". I think for the purpose of this, unless there is unanimous consent, we should either get a show of hands or a vote. "On division" is something we see in the House regularly. If there's consent, we'll let it go.

(Clauses 1 and 2 agreed to)

The Chair: Shall the title carry?

Some hon. members: Agreed.

The Chair: Shall the bill carry?

Some hon. members: Agreed.

The Chair: Shall the chair report the bill to the House?

Some hon. members: Agreed.

The Chair: We'll proceed accordingly.

Members, that is the last item we have on our orders of the day.

May I just take this opportunity before we adjourn to thank each of you for your participation these last few months. We all know that events in the next day or two may have us into a different type of campaign in the next few weeks. I just wanted to take this opportunity to thank you for your thoughtful presentations and interventions on the issues we have had here.

I also want to take the time to thank the people who support our committee, particularly Julie Pelletier, our clerk, and our analysts,

James Gauthier, Daniel Lucier, and Shauna Troniak, who have done terrific service with the Library of Parliament.

Also, I want to thank the crew that actually staffs our meetings.

● (1025)

[*Translation*]

I wish to thank all interpreters, messengers as well as all staff members who helped us hold our meetings.

[*English*]

This is terrific. Members, we could not do this work without their continuing support. With that, I bid you well.

[*Translation*]

Have a good campaign in the next few weeks.

[*English*]

Mr. Bagnell.

Hon. Larry Bagnell: I just want to reply. Mr. Chair, I think you've done an excellent job, and all the members of the committee. Some committees are not very functional. We've had our differences, but I think everyone on this committee has been very respectful. I appreciate that, and I think it's worked very well.

The Chair: That's very true.

Monsieur Lévesque.

[*Translation*]

Mr. Yvon Lévesque: Mr. Chair, if you ever consider introducing the Bloc Québécois in Ontario, we will count on you.

[*English*]

The Chair: That's very generous of you.

Thank you very much, everybody. Have a good day.

This meeting is adjourned.

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