

LEGISLATIVE ASSEMBLY OF THE  
NORTHWEST TERRITORIES  
7<sup>TH</sup> COUNCIL, 46<sup>TH</sup> SESSION

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REPORT OF THE STANDING  
COMMITTEE ON FINANCE  
TO THE

January 1972

Tabled on Jan. 10, 1972

46th SESSION OF THE N.W.T. COUNCIL

DATE: 10 Jan. 1972

A. PREAMBLE:1. Membership of Committee:

Following are the members of the Standing Committee on Finance:

- (a) John H. Parker
- (b) Nicholas Sibbeston
- (c) Willie Adams
- (d) Bryan Pearson
- (e) David Searle - Chairman

2. Committee Meetings:

In 1971 the Finance Committee met the 8th to 13th days of March, June 15th, June 16, June 22nd, the 27th & 28th days of October and December 10th.

3. Financial Negotiations

The 1972-73 Estimates are the first such estimates where a Committee of this Council has had an input from the beginning. From this years' experience there is no doubt that this Council can affect priorities to some extent and shift the emphasis from one area of spending to another.

The serious handicap from which this Council and your Finance Committee suffer, however, is that we are, generally speaking, merely spenders of money - money raised from taxation by the Government of Canada. As you know, transferred to the

Government of the N.W.T. for administration are only the expenditure areas normally the responsibility of a provincial government - (i.e., Social Development, Education, Local Government and Industry & Development). Retained by the Federal Government unto itself are the major revenue areas normally the responsibility of a provincial government, with the exception of our liquor and fuel taxes and revenues from licenses. Ownership of surface and sub-surface rights are the best example of revenue areas normally the responsibility of a provincial government. Here in the N.W.T. the total ownership, control and administration of natural resources still reside in the Federal Government.

In view of the unique position in which we find ourselves - i.e., being spenders but not revenue raisers, we must abide by the rules set down by the Federal authorities concerning how we must go about negotiating item by item with them for funds to spend. It is their money, so they tell us, hence they have the whip hand.

The way financial negotiations are carried out is interesting. We must first present a financial forecast divided first as to O & M, on the one hand, and Capital, on the other hand. Then, on the above basis, two budget presentations are made. The first is the "A" level budget, which deals with a continuation of the same programs and services as previously approved, at the same spending level plus a reasonable increase of

salaries, benefits, etc. The second is the "B" level budget wherein we put money for new programs and for increases and expansions of previously approved programs and services which we feel are desired by this Council. The difficulty, however, is that unless we are prepared to reduce or cut altogether an existing program or service then it is difficult to obtain money for new or expanded programs because all "B" level requests for money are hotly debated and few run a chance of being approved.

Some say that the answer then is to levy a general sales tax so that we can raise additional revenue. Your Committee is far from satisfied, however, that additional revenues would really accrue. We suspect, to the contrary, that little would be gained except to see a corresponding cut-back in Federal funds, thus leaving the people of the N.W.T. taxed higher and with no more revenue flowing to this administration.

In the end, therefore, your Committee is of the view that this Council is in what might be termed a "financial strait jacket", speaking in general terms but acknowledging that we can affect shifts of emphasis.

The purpose of the foregoing is simply an explanation of the way it is so that Council will understand that much of what we desire may take time because shifts of emphasis are gradual, not abrupt.

While your Finance Committee must go on record as disagreeing in principle with the way this Council is excluded from the real provincial type revenue areas, hence must go hat in hand to the Federal Government, it would be wrong to leave the impression by innuendo that the Federal Government is stingy and niggardly. The proof of this, of course, is evidenced by the fact that whereas the 1971-72 budget totalled approximately \$93 million dollars, this 1972-73 budget exceeds \$108 million dollars, a substantial increase by any standard. Nevertheless, there never is enough money to do all that you would have wished to have done, and this would undoubtedly remain true even if we had control of all provincial-type revenue areas. The difference, and an important one, is that we would have much more control over our own priorities and destiny. Instead of effecting shifts only in emphasis we could change direction decisively.

4. FORMAT

The format or presentation of the 1972-73 Estimates is altered to reflect the Departmental Re-organization announced by the Commissioner in his letter to Council members of 22 October, 1971.

5. INPUT BY COUNCIL

The Finance Committee is concerned about the lack of opportunity to members not on the Finance Committee to have an input into the Estimates. With the benefit of hindsight, after having learned in the last year how the negotiations progress, we have

come to several conclusions which we make by way of suggestion to Council members for their fuller participation. These are as follows:

- (a) the Clerk will be recording throughout this and every Session suggestions for spending made by members, whether by motion, in debate or in reply to the Commissioner's address. These will be examined by the Finance Committee and the Departments concerned with a view to funding some where possible and where feasible.
- (b) prior to each Finance Committee meeting all members will be circulated with notices advising of the date of the next Committee meeting and of what stage in negotiations we are at so members will know by what date their suggestions for spending should be in the Committee's hands, and;
- (c) after each Committee meeting all members will be circulated with a report of what transpired at the meeting.

Your Committee would be pleased to receive the instructions of this Council as to the acceptability of the foregoing and also as to what else might be done to ensure fuller and greater input by all members.

6. FINANCIAL TIMETABLE (1973-74)

The previous report of the Standing Committee gave some indication of the timetable imposed upon the Territorial administration for the preparation and review of financial forecasts and estimates, by the Federal Government. The Federal Government reviews are based upon guidelines set by the Treasury Board, and communicated to the Territorial administration prior to the preparation of their financial forecast.

Concurrent with the completion of the 1972-73 estimates which result in the appropriations that will be placed before Council during this Session, the Territorial administration must complete their program forecast for the 1973-74 fiscal year. The guidelines for this forecast were issued by the Treasury Board in December of 1971, and the completed forecast is to be submitted to the Department of Indian Affairs and Northern Development for inclusion in the departmental forecast, by January 10, 1972. The following timetable governs the financial process that results in the 1973-74 appropriations.

1973-74 Appropriations

- January 10, 1972 - Territorial "A" level and capital "B" level financial forecast due in Ottawa.
- January 10, 1972 - Finance Committee meets to consider above.
- January 31, 1972 - Departmental representatives to visit Territorial headquarters to analyse and review Territorial financial forecast submissions. Treasury Board representative attends as an observer.

- February 25, 1972 - Interdepartmental Committee Meetings in Ottawa - Settle "A" level financial forecast for submission to Treasury Board.
- March 20, 1972 - Territorial administration advised of Treasury Board recommended "A" level budget guidelines which will govern 73-74 estimates preparation.
- March 20, 1972 - Territorial "B" level forecast required in Ottawa.
- April 18, 1972 - Interdepartmental Committee Meetings in Ottawa to consider "B" level financial forecast for submission to Treasury Board.
- June 1, 1972 - Territorial administration begins preparation of 1973-74 estimates, initially based on guidelines issued by Treasury Board on March 20, 1972.
- August 1, 1972 - Treasury Board advises budgetary levels to be adhered to in preparing estimates. Territorial administration begins completion of 1973-74 estimates according to these guidelines.
- August 15, 1972 - Finance Committee meets to consider 1973-74 Estimates.
- August 30 to September 10, 1972 (approx.) - Interdepartmental Committee meets in Ottawa to consider 1973-74 estimates, to ensure conformance to Treasury Board guidelines.



- September 15, 1972 - Guidelines for revisions to Territorial estimates, if any, arising from meeting of Interdepartmental Committee.
- November 1, 1972 - Completed Territorial estimates for 1973-74 submitted to Department.
- November 1972 - Finance Committee meets to approve estimates on final forms, Supplemental Estimates and 1974-75 "A" level and "B" level Capital financial forecast.
- January 1, 1973 - Territorial Council reviews 1973-74 estimates.

B. MAIN ESTIMATES (1972-73)

ITEM 1

1. Executive

The major increase to be found within the Executive program is in the Public Enquiries activity. This reflects the funds budgeted for an external study to be made of the Territorial Education system during the 1972-73 fiscal year. This requirement was initially identified by the Territorial Council, and at the request of the Standing Committee the funds placed originally in the Education program were transferred to that of the Executive. The remainder of the increases are found largely in salaries, arising largely from annual salary increases and increases arising out of collective bargaining.

2. Information Services

An increase of approximately \$60,000 is budgeted in the public relations activity, and represents in part an increase of staff at the headquarters level, and within the Baffin Region, to improve communication with native people. The Standing Committee agreed to this increase but has asked the administration to provide them with a paper outlining the percentage of the increase that will be spent on native languages material. New positions were examined in detail by the Standing Committee. A capital item of \$30,000 for a new printing press was examined by the Standing Committee, and agreed to because of the condition and age of existing equipment, and the apparent difficulty in obtaining replacement parts.

3. Executive Secretariat

This is a new program arising from the re-organization of the administration. The bulk of the funds and positions for this program were previously found in the departments that were phased out in the re-organization. The Standing Committee considered these requirements originally in the original departmental format, which allowed comparison with the 1971-72 estimates, and also in the form in which they appear in these appropriations.

An increase of approximately \$40,000 is budgeted within this program to allow the Executive to develop a research capability, and reduce their dependence upon Federal Government agencies and departments for this type of support. The Council and Standing Committee have placed emphasis on this need. An increase of approximately \$30,000 in the Administration and Special Projects activity represents the beginning, during this coming fiscal year, of the museum program. A capital estimate of \$100,000 is also found within this program for the beginning of the museum in 1972-73. Other salary increases reflect new positions required by the administration, for the purposes outlined in the program memorandum. These have been examined in detail by the Standing Committee. Some deletions were agreed to by the administration and are reflected in these estimates.

ITEM 2

Department of Local Government

Council and the Standing Committee have placed continued emphasis on the improvement of settlement services, particularly in the Baffin Region. This is reflected in the Operations and Maintenance estimates by an increase of approximately \$650,000 in the Development activity, and \$55,000 in the Town Planning and Lands activity. Of this amount approximately \$200,000 is allocated specifically to the Baffin Region. An increase of approximately \$1,200,000 is found within the capital estimates for these activities, as a result of this emphasis.

Another area in which Council and the Standing Committee have placed emphasis is that of Recreation. A capital increase of \$270,000 has been provided for in this activity, a great portion of which is specifically allocated towards the provision of facilities in Frobisher Bay.

The administration has reflected our concern over increasing the employment of native people by establishing a special component of the Department of Local Government to deal with this area. An O & M increase of \$65,000 is budgeted to support this program.

ITEM 3

Department of Public Works

Decreases in the activities of Repair and Upkeep of Buildings and Works, Power, and Heating, represent the transfer of responsibility for the maintenance of Northern and Territorial rental

ITEM 3 - continued

housing from the Department of Public Works to the Department of Local Government. These decreases approximate \$160,000, \$150,000, and \$200,000 respectively. Corresponding increases will be found in the estimates for the Department of Local Government.

An increase of approximately \$700,000 is identified in the Roads and Airstrips activity. This results from the requirement for the maintenance of increased highway mileage, an increase of mileage to be treated for dust abatement, and for the operation of a new and larger ferry at the Mackenzie River crossing, and longer operation at the Liard River crossing. The increase in dust abatement measures of approximately \$100,000, results from emphasis placed by this Committee and Council.

ITEM 4

Department of Social Development

An increase of approximately \$650,000 is projected in the social assistance activity, primarily as a result of an extremely low level of employment throughout the Territories, but also because of increased rates for social assistance approved by Council. An increase of approximately \$500,000 in the administration activity is necessary to allow for an increase in staff necessary

ITEM 4 - continued

to enable the Department to participate in the Canada Assistance Plan. This Federal plan, while increasing the revenue that would be provided to the Territorial Government, requires a considerable upgrading of administrative procedures. In keeping with the emphasis placed by the Committee, the majority of these new positions will be Territorial residents, specially trained by the Territorial Government, and placed in their home communities.

As a result of emphasis placed by the Standing Committee the estimates for Alcohol Education programs were increased by \$74,000.

Capital increases reflect a requirement to provide additional facilities for children taken under care. A capital item of \$421,000 is included for upgrading Vocational Training facilities at the Correctional Institute. This was recommended initially by the Standing Committee and mentioned in our previous report to Council.

ITEM 5

Department of Administration

Increased estimates for Material Management reflect the transfer to the Territorial Government of the responsibility for sea lift operations in the Eastern Arctic, and a general increase of shipping rates throughout the Territories.

41768,000  
19200

ITEM 5 - continued

A capital item of \$768,000 will allow for the construction of approximately 40 staff houses in outlying communities. Following the emphasis placed by the Standing Committee, these units will be based on the design of Northern Rental housing units, bringing the standard of staff housing closer to that of the community in which the employee resides. Staff accommodation in Yellowknife, Hay River, and Fort Smith will be leased from private developers, where a need exists.

ITEM 6

Department of Industry and Development

A projected increase of approximately \$250,000 in the Game Management activity will allow the provision of resident game officers to a number of Eastern Arctic communities located in good resource areas. This amount also provides for a number of Game Officer Trainee positions, who will be Territorial residents. At the request of Council funds are included for a Caribou Survey of Baffin Island to be carried out in the 1972-73 fiscal year.

An increase of \$1,100,000 in the Industrial Development activity will allow for the expansion of commercial, domestic, and sports fisheries, and a continuation of successful handicraft projects. Of this amount approximately \$250,000 will be provided directly to the Territorial residents involved in various projects.

ITEM 6 - continued

Approximately \$500,000 of this increase reflects the decision to discontinue the use of a revolving account with regard to handicraft projects. This system allowed revenues from handicraft sales to be returned to the project for use in increased production, but proved unworkable because of unavoidable accounting restrictions placed on its use. Funds for an entire year's production must accordingly be provided through appropriations.

At the request of Council, funds of approximately \$60,000 are also included for studies on economic development programs, and arts and craft marketing.

ITEM 7

Department of Education

The estimates of the Department of Education increased by 8.7% over 1971-72 amounting to \$2,291,100. This increase is totally in Operations and Maintenance. Capital expenditures remained virtually unchanged.

With the continuing high rate of student enrollment increases, 7% for 1971-72, the trend of 15% expenditure increases as experienced in the past years could have been expected. By holding the line on operating expenditures and restricting staff increases to a bare minimum this trend was sharply curbed and total expenditures for the in-school program were kept to 7.8%.



ITEM 7 - continued

As a result of the meetings with the Finance Committee more emphasis was placed on Continuing and Special Education. Particularly Adult Education received far more emphasis than in the past. Adult programs exclusive of Administrative Cost increased from \$914,500 in 1971-72 to \$1,270,900 or 40%. The cost of Administration in this program remained unchanged. Vocational Programs increased from \$1,761,700 to \$2,314,200 or 31%. Within the Vocational Program emphasis is placed on training that is directed towards immediate employment, such as short courses, upgrading and pre-employment skill development.

The Committee was concerned over the apparent high square footage cost of school construction, and felt that this might result from unrealistically high design standards and inefficient construction techniques. The administration agreed to enable the Committee to visit a representative number of schools, assisted by an independent educationalist and cost analyst, to form their opinions in this regard. The cost of this survey is to be borne by the Department of Education.

ITEM 8

Department of Public Services

An increase of approximately \$350,000 in the administration activity was required as a result of the new police agreement which will be effective on April 1. The increase of \$250,000

ITEM 8 - continued

in the Administration of Justice activity results from the transfer of responsibility for the administration of justice, including the salary of magistrates and court staff, to the Territorial administration. This transfer is reflected for the first time in these estimates. The increase also allows for the administration of the recently approved legal aid program, which is estimated at approximately \$40,000 per year, being 50% only of the cost as the other 50% is borne by the Federal Government.

Capital estimates include an increase of \$120,000 for additional storage space for the N.W.T. Liquor System, necessary as a result of increased sales.

All of which is respectfully submitted.

Standing Committee on Finance

per: \_\_\_\_\_

D. H. Searle, Chairman.