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COUNCIL OF THE NORTHWEST TERRITORIES
CANADA

REPORT OF THE STANDING
COMMITTEE ON FINANCE TO THE
48TH SESSION OF THE N.W.T. COUNCIL

24 JANUARY, 1973

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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 H. Searle - Chairman

(2) Committee Meetings

In 1971 the Finance Committee met February 28th, one day in June and then three (3) days from November 16th to 18th. As well, to approve their report and to review the Supplementary Estimates the Committee further met January 23rd. The Committee normally would have met, as well, in September, but because of the relatively few "B" level items approved it was decided that such a meeting would be unnecessary.

(3) Policy Recommendations

In addition to our review of the estimates and arising therefrom, the Committee considered certain policy areas for implementation by the Commissioner and Council if approved by the Council as a whole. These policy recommendations are as follows:

- 1. Respecting the Inter-departmental Committee on Federal/Territorial Financial Relations, the Finance Committee expressed dissatisfaction with the present procedure of negotiations before that Committee taking place in Ottawa, chaired by an Assistant Deputy Minister from the Department of Indian and Northern Affairs, followed by our estimates then being advanced by that official as part of his departmental estimates. The Committee recommends, instead, that such a Committee should meet in Yellowknife, it should be chaired by either our Commissioner or Deputy Commissioner

and that membership should not include officers of the Department of Indian and Northern Affairs. Our Commissioner, having the rank of a federal Deputy Minister, should then present our estimates direct to his Minister (without departmental scrutiny) and they should be identified before the House of Commons as separate and apart from those of the Resource Branch of that Department. It is the Committee's view that we can no longer rely upon any Assistant Deputy or Deputy Minister to advance our request for funds, particularly when our requests compete with departmental requirements for funding; and more particularly when that same department is seeking funds to enable it to either increase its existing operations or get into new operations all of a provincial nature in the Northwest Territories to the intentional exclusion and detriment of the Territorial Government and this Council. Not only can this Council stagnate by a refusal on the part of federal authorities to transfer further provincial type responsibilities, but it can be strangled from even demonstrating a satisfactory performance in existing transferred areas if funding is cut back or if new programs are not funded by virtue of the existing procedure as outlined above. In other words one obvious way to "skin a cat" is to refuse to transfer further provincial type areas of responsibility. A more subtle, a more odious and a more insidious way to frustrate us is to cut back funding of the already transferred areas of provincial type responsibilities, particularly in the area of capital expenditures. The existing system of financial negotiations lends itself very nicely to that, hence the change recommended. If this recommendation cannot be achieved by the Commissioner, then it should become an agenda item for Council's next meeting with the Minister for forceful presentation by Council to the Minister.

2. In view of the Council's often expressed priority respecting the provision of adequate sewer and water services in each and every Northwest Territories community, the Committee recommends the tabling for debate by Council of the Department of Local Government's policy paper on Sewer and Water Services. This should then become an agenda item for Council's next meeting with the Minister so that his support can be obtained for major and massive funding of this program.

3. Because the provision of Health Services within the Northwest Territories are provincial type services which intimately touch the people, the Committee recommends that the Department of National Health and Welfare transfer to the Territorial Government the funding, staff and responsibility for the provision of health services to the people of the Northwest Territories.

4. The Committee expressed concern over the need to compare at fiscal year end how the money was spent with how it was voted. As a result the Committee recommends that the administration table at each summer session of Council a Statement of Variances explaining and identifying funds spent other than in accordance with the purposes for which they were voted.

5. Respecting the Eastern Arctic "sea lift" operations, particularly at Frobisher Bay, the Committee is appalled by the costs involved as a result of the short range approach to this operation. The Committee recommends that the Territorial Government undertake an immediate study into the possibility of building a dock and access road at Frobisher Bay.

6. The Committee was also appalled to learn that as a result of instructions from the Minister the pottery plant at Rankin Inlet is still in operation financed through our Department of Industry and Development, contrary to this Committee's previous recommendations. We recommend that the Minister fund and supervise this operation directly through his departmental forces as it is an embarrassment to our Government.

We get money in deficit grant

7. The Committee thought that since all fees received by the Land Titles Office go to the Federal Government, the operating expenses for that office should be charged back fully to the Federal Government.

8. Respecting highway maintenance and reconstruction, since this is a provincial type responsibility it should be a Territorial responsibility and we should control the schedule respecting reconstruction.

By June

9. Regarding Recreation the Committee supports the formulation of a comprehensive policy which would inventory existing facilities, establish a minimum requirement for settlements and set out a schedule for funding, similarly to be included as an agenda item for some future meeting with the Minister when the policy paper is put together and approved by Council.

10. Respecting the Corrections Program the Committee was not satisfied that there is in existence a program of rehabilitation and effective vocational training.

11. Respecting Medical Social Services and Special Care, the Committee recommends that the Department of Social Development do an inventory study of hospitals and institutions in southern Canada to determine what Northwest Territories patients are there and then to re-establish communication between the said patients and their families.

B. FORMAT OF MAIN ESTIMATES - 1973/74

A number of changes to the format of the 1973/74 estimates have been made by the administration for presentation before Council this year.

To bring the Territorial estimates and financial administration procedures closer to the Program Planning and Budgeting system in use by the Federal Government, the 1973/74 estimates contain more clearly defined departmental objectives and sub-objectives. Wherever possible the organization of each department is related to these objectives and sub-objectives.

In addition, for the first time, the main estimates include a three year comparison of operations and maintenance expenditures and revenues. In addition to the amount that was provided in the 1972/73 estimates, the actual expenditure for 1971/72 is indicated against each line object.

For the first time loans have been separated from capital items in the estimates being presented to Council, to allow for a better understanding between these two types of expenditures. The 1973/74 estimates, therefore, contain three levels of expenditures, capital, operating and maintenance, and loans.

Other minor changes have been introduced to allow for a more efficient consideration of estimates when they are placed before Council. Capital estimates have been placed in the opening portion of each departmental estimates section, because past experience has shown that these usually are of greatest concern to Members of the Council. The make-up of the books has been changed so that the estimates for each department appear under the same tab number that is provided in the table of contents on the first page of the estimates. The estimate books have been specially printed so that more information can be included on each page. This has the advantage of reducing the volume of the estimates that will be considered, as well as allowing an easier comparison of operation and maintenance, capital, and loans for each program and activity. For the most part these three levels of expenditure are contained on one page for each program or activity.

C. DEPARTMENTAL REVIEW

(1) Executive

A significant increase is noted within this program to provide a more realistic allowance for travel within the Northwest Territories by members of the Territorial Executive, and to provide for a substantial increase in grants to organizations based on experience gained during the 1972/73 fiscal year. Funds are also provided for an increase in the

establishment of the Executive headquarters, and for two new Settlement Manager positions which were unassigned at the time of the Committee's review of estimates. Also reflected in these estimates is a transfer of the ferry service at Providence and Fort Simpson, from the Department of Public Works.

One million dollars is provided in the capital estimates for the projected establishment of a District office at Rankin Inlet, concurrent with the phasing out of the Regional office at Churchill. This amount has been included in the estimates conditional upon the Federal Government's approval of the detailed plan and program for the establishment of this office, which is being developed by the administration and forwarded for Treasury Board and Cabinet approval. Expenditures during 1973/74 will consist primarily of an expansion and improvement of roads and services within the community of Rankin Inlet, and the purchase of materials for housing, warehousing, and office space to be completed the following year. The physical move to Rankin Inlet is projected for the summer of 1974.

(2) Department of Information

An increase in the projected spending of the Department of Information was noted by your Committee. A major portion of this increase results from a proposed increase in production for the magazine "Arctic in Colour", and will be recoverable through the increased revenue from the sale of the magazine. The remainder of the increase is due to the salaries and other funds required for the establishment of an interpreter-translator corps, which is being funded in this Department during the 1973/74 fiscal year.

(3) Department of the Executive Secretariat

A general decrease will be noted in the 1973/74 requirements for this Department. This is primarily due to organizational changes carried out as a result of experience gained during its first year of operation, as well as a more accurate estimate of requirements based on actual experience. The decrease is offset to some extent by the general salary increase resulting from the recently signed collective agreement, as well as an amount of \$82,000 included for the first time as the Territorial Government's share of costs during 1973/74 for satellite earth stations in the Eastern Arctic. These stations are part of the Thin-Line System that will bring improved telephone communications to 13 Eastern Arctic communities.

(4) Department of Local Government

Capital estimates for this Department are \$3,000,000 less than those for the 1972/73 fiscal year. In part this is due to the timing and negotiations with Central Mortgage and Housing for public housing, senior citizens residences, and young persons homes planned during 1973/74. The Territorial portion of these programs will be funded through supplementary estimates placed before the Council in June of this year.

For the first time the estimates of this Department reflect fully the establishment of two new and important divisions, both of which are in response to priorities which have been previously expressed by Members of the Territorial Council and this Committee. The Employment Division, which is funded under activity 2029 for \$308,608, is in response to the need to insure that northern residents are provided with full opportunities for employment as a result of the development that is now taking place and can be anticipated over the next few years. The Pipeline and Highway Group, funded under 2030 for \$227,000, has a direct responsibility for coordinating the Territorial Governments activities related to the development of the Mackenzie Valley Road and Pipeline. A great deal of coordination within the Department exists between these two Divisions, and it was through them that the successful Hire North Program was funded and undertaken.

A substantial increase appears in activity 2027, Northern Housing. This increase of approximately \$1,250,000 results for the most part from a transfer of funds from the Territorial Department of Public Works, and from the Development Division of the Department of Local Government. Funds for water and sewage services for Northern Rental Housing were previously found under activity 2021, the Development Division, and funds for power and fuel were placed in the estimates of the Department of Public Works. These estimates now show a corresponding decrease, somewhat offset in the case of the Department of Public Works by new programs, but noticeable in the estimates of the Development Division by a decrease of \$220,000.

An increase in the estimates for the Recreation Division, activity 2025, is projected to provide an increase in the per capita grant now provided to communities of the Northwest Territories.

Council should note that a significant change in the method of municipal financing is reflected for the first time in these estimates. Funds that were previously provided to municipalities as a grant based on assessment, are now to be provided as a per capita grant of \$40, based on their population. These per capita grants will in no case be less than the grant that would normally be provided to the municipalities this year on the basis of their assessment. Because of this change of policy an increase is noted in the estimates for the Municipal Affairs Division, activity 2022.

(5) Department of Public Works

The significant items in the capital estimates of the Department of Public Works are a projected expenditure of \$256,000 to upgrade bulk fuel facilities and provide bulk gasoline tanks in a number of northern communities, and \$89,000 for the provision of power services to the community of Paulatuk. Both programs are a response to the concern expressed by Council in the past.

An increase of \$208,000 will be noted in the Highways activity. In part this stems from a general increase in wages as a result of the collective agreement, but also because of funds budgeted for the maintenance of the completed portion of the Dempster Highway.

An increase of \$1,173,800 will be noted under "purchased utilities" in the power services activity. This reflects the transfer to N.C.P.C. of the responsibility for power generation in a number of communities throughout the Territories, and a decrease of \$426,000 will be noted under salaries for this activity. The net increase in this activity is partially due to an increased consumption, but primarily due to a general increase in charges from N.C.P.C. for power provided in those communities in which they have taken over responsibility. Your Committee is concerned over the rates charged by N.C.P.C. and recommends that Council increase its efforts to have this corporation brought under the control of the Territorial administration, and its headquarters located in the North.

(6) Department of Social Development

A major increase of \$719,954 is projected in the health costs budgeted by the Department of Social Development. This results from an increase in charges to the Territorial Government under the T.H.I.S. and Medicare Programs. In part the increase relates to under-budgeting in previous years, as a result of differences between the Department of National Health and Welfare and the Territorial administration over the mechanics of these cost shared programs. In addition medical and hospital costs, in general, have exceeded the forecast of the Territorial administration.

An increase of \$200,000 is projected in the Social Assistance activity, in order to bring the Northwest Territories under the Canada Assistance Plan. These funds are 50% recoverable from the Federal Government. In order to qualify under the plan, however, it will be necessary for the Territorial administration to increase its field staff so that the administrative requirements of the plan can be met. For the most part this staff increase will be in the form of

locally hired case aides, trained by the Department of Social Development, and operating on a full or part time basis as the situation requires.

Following the wishes of Council a sum of \$140,000 is included in the capital estimates for the provision of a correctional facility in the Baffin Region. In addition your Committee felt that the provision of a gymnasium for the Yellowknife correctional facility was of high priority, and the administration agreed to re-allocate \$140,000 of capital funds to be used for this purpose.

(7) Department of Administration

The most significant item in the estimates of the Department of Administration is the projected increase of \$751,000 in the Supply Services activity. This is entirely the result of increased freight costs, primarily in the Eastern Arctic. Substantial increases have already occurred, and further increases are anticipated for the 1973 shipping season.

(8) Department of Industry and Development

It will be noted that the 1973/74 estimates for this Department provide for an increase in Operations and Maintenance of approximately 5% over their estimates for 1972/73. The major portion of this is directly related to the increased cost of materials, and salary increases resulting from collective bargaining. There are some items in the estimates, however, that will be of interest to Council, as they arise from priorities identified by Council and this Committee.

The estimates of the Game Management Division have been increased by \$112,000 to allow for an expansion of their organized caribou hunting program, which has enjoyed the support of Council and this Committee. In addition \$20,000 in capital has been provided to initiate a program of providing trappers cabins, and the trappers assistance program has been increased to \$50,000.

The administration has agreed to undertake a feasibility study with regard to the development of an off shore fishery in the Eastern Arctic, and will be reporting to Council on its results.

Responding to the concern of Council, a program of tourist accommodation grants to indigenous communities has been established, and funded at \$60,000 for the 1973/74 fiscal year.

(9) Department of Education

A general increase in the estimates of this Department has been estimated, to allow for a continued growth of the school aged population. Although the capital estimates provide for

a substantial number of new classrooms and schools, some projects will have to be delayed until the next fiscal year because of financial limitations imposed by the 1973/74 financial agreement.

Provision has recently been made for placing classroom assistants on permanent employment status, and funds provided under casual wages within these estimates will subsequently have to be transferred into salaries in order to fund these new positions.

As a result of emphasis placed by Council on the cultural inclusion program, per capita grants under this program have been increased to \$15 per pupil. Recognition has also been given to the increased costs of operation for school boards within the Northwest Territories, and per capita grants to these boards have been increased by \$25 per capita.

Funds are included in these estimates to allow students of the Adult Vocational Training Centre in Fort Smith to undertake construction of a 10 mile portion of the Mackenzie Highway as part of their training for employment on the Highway construction program. These funds are recoverable from the Federal Government.

(10) Department of Public Services

Increases in the estimates of this Department resulted from a higher than anticipated cost for the legal aid program, and because of increasing demands on the Administration and Registries Division resulting from the increased pace of development. An increase in costs under the police services agreement is also provided for.

An increase is shown in the Court Services Activity, 8081, to provide additional travel funds based on the actual requirement as identified from last years experience. Although the administration advises that they have limited control over funds expended within this activity, particularly for travel, your Committee has expressed its concern over these rising costs.

D. SUPPLEMENTARY ESTIMATES

On January 21st, 1973 your Committee met to consider the supplementary estimates which are to be placed before the January Session of Council. Their presentation before Council was approved.

All of which is respectively submitted.

Standing Committee on Finance

per David H. Searle

D. H. Searle, Chairman