

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
10TH ASSEMBLY, 3RD SESSION**

TABLED DOCUMENT NO. 20-84(3)

TABLED ON NOVEMBER 8, 1984

REPORT OF THE STANDING COMMITTEE ON FINANCE
ON
SUPPLEMENTARY APPROPRIATION #2

The Standing Committee on Finance has concluded its consideration of Bill #12 - Supplementary Appropriation Ordinance #2. The Committee has examined, in some detail, the supplementary funding requirements of the government to carry out G.N.W.T. programs during the 1984/85 fiscal year. The Standing Committee on Finance is generally satisfied that Supplementary Appropriation #2 represents an accurate mid-year picture of the government's additional expenditure needs having regard for surplus funds, offsetting revenues and additional supplementary funds voted under Supplementary Appropriation #1.

The Committee's consideration of Supplementary Appropriation #2 took the form of an examination of the operations and maintenance and capital funding requests by department. The Committee was assisted in its review by detailed explanations provided by government witnesses. In order to facilitate future Committee reviews, the Standing Committee has requested of the Minister of Finance, the Honourable Tom Butters, that he provide Main Estimates, Supplementary Estimates and other items requiring Committee consideration at least two weeks prior to Committee meetings. Advance receipt of material is a necessity if Committee members are to have sufficient time to review the information and the Committee through its support staff, is to be provided with the requisite briefing material.

During the course of its consideration of Supplementary Appropriation #2, the Committee identified several areas of concern. I will now highlight some of the major issues which the Committee feels are worthy of comment:

POOR ESTIMATING PRACTICES

Department of Personnel

The Committee queried the request for \$377,000 of capital funding for the construction of a four-plex at Rankin Inlet. The 1984/85 Main Estimates shows a budgeted amount of \$360,000 for this project. The Committee was advised that tenders had been much higher than was originally contemplated and that this item, in fact, represented the difference between budget estimates and actual tendered cost.

The Committee was extremely concerned over this discrepancy (an increase of over 100% of estimated cost). The Committee felt that this item, while not a cost overrun on contracted price, was none the less indicative of poor estimating practices thus necessitating additional time and costs involved in obtaining a supplementary appropriation.

In light of this notable example of a supplementary required to cover a budget deficiency, the Committee hopes that action will be taken in future to prepare more accurate estimates of construction costs.

SPECIAL WARRANTS FOR ONGOING ASSISTANCE

Department of Local Government

The Committee queried witnesses from the Department of Local Government concerning the \$507,000 supplementary request under operations and maintenance to the Village of Fort Simpson.

The Committee was advised that in 1983/84, the Village of Fort Simpson received assistance in the amount of \$400,000 as a result of an insufficient tax base to support municipal requirements particularly relating to the water/sewer system which was developed in anticipation of major expansion which did not materialize. The Committee was advised that the \$507,000 requested covered inter alia, a \$91,000 deficit of the previous fiscal year and \$355,000 for current year shortfalls related to maintenance of the water/sewer system. The Committee was advised that a further supplementary appropriation was contemplated in 1985/86 but that due to uncertainty in the level of assistance required, the appropriation would not be integrated into the Main Estimates. Rather a Special Warrant would be sought to cover off the deficiency when the amount is reasonably estimable. The Committee was also assured that some pressure would be brought to bear on the community to implement revenue increases.

The Committee was concerned over the use of the Special Warrant procedure to create an appropriation for ongoing assistance. The Committee however, accepted the assurance of the Department that it would prepare a supplementary request by May of the upcoming fiscal year for review at the Spring Session.

CHANGE IN PURPOSE OF APPROPRIATION

Department of Local Government

During consideration of the capital estimates of the Department of Local Government, the Committee raised the question of the \$245,000 additional funding requested for the dismantling of the Tuktoyaktuk Arena. The Committee was concerned about the apparent high cost of the dismantling and wished further clarification of the total cost of the project. At this point, the Committee was informed that the dismantling had been deferred and that the funds were to be used to shore up the building, however, no exact estimate of the cost could be given although it would be less than the \$245,000 requested in this supplementary.

The Committee sought the direction from the Secretary to the Financial Management Board, Mr. Nielsen, who recommended that the appropriation stay in situ but that the line be amended to read "To provide additional funds to 'shore up' the Tuktoyaktuk Arena" so that work could proceed and excess funds could be covered by introduction of a negative surplus in the following supplementary.

The Committee, while recognizing the convenience of the suggestion, is concerned that appropriations be voted for a specific purpose within a specified amount. There is an onus on both the government and the Committee to observe this principal.

TECHNICAL AMENDMENT

Department of Local Government

The Committee considered the \$400,000 supplementary appropriation for the Ministry of Culture received for Operations & Maintenance of the Department of Local Government. The purpose for this funding reads:

" To provide funds for the establishment of a Ministry of Culture and the related cultural grants program."

As a result of discussions with the Minister of Local Government, the Honourable Nick Sibbeston and department officials, the purpose of this item should read:

" To provide funds for the establishment of a Ministry of Culture and the related cultural contributions program."

The term "contribution" more properly reflects the degree of accountability of the recipients of these funds.

MINISTRY OF CULTURE

Local Government

The Committee also wishes at this time to express its concern over the \$400,000 supplementary request for operations and maintenance funding for the Ministry of Culture and the cultural 'contributions' program. In response to the Committee's request for further information relating to the Ministry of Culture, the department has provided to the Committee a copy of the Policy, dated September 26, 1984, entitled 'Financial Contributions - Community Cultural and Research Projects' which is by its own terms an interim policy to be reviewed for subsequent inclusion in the G.N.W.T. Cultural Policy currently under development.

The Committee applauds the initiative of the Minister in dealing with the complex issue of Cultural Policy, however, the Committee is concerned that the department is requesting approval for funding in advance of the development of a comprehensive cultural policy and in the absence of a formalized organizational structure to administer the cultural contributions program.

Finally, the Standing Committee on Finance and Public Accounts wishes to thank the Honourable Tom Butters, Mr. Eric Nielsen, Members of the Executive Council and departmental officials who appeared before the Committee. The assistance given to the Committee by these individuals is much appreciated.

APPENDIX I
SUPPLEMENTARY APPROPRIATION #2 1984/85
SUPPLEMENTARY ITEMS IN EXCESS OF \$50,000*

PERSONNEL

Capital

Staff Relations	*\$124,200	To provide funds to purchase an employee house in Frobisher Bay.
	*\$377,000	To provide additional funds for the construction of a four-plex located at Rankin Inlet.

JUSTICE AND PUBLIC SERVICES

Operations & Maintenance

Court Services	*\$64,000	To provide funding to permit initial implementation of the Young Offenders Act.
Legal Services Board	*\$57,000	To provide funding to permit initial implementation of the Young Offenders Act.
Police Services Agreement	*\$336,000	To provide funding for the Special Native Constables Program at a level of ten constables.

GOVERNMENT SERVICES

Capital

Supply Services	*\$87,000	To provide funds for the completion of the warehouse mezzanine floor, Yellowknife, not completed in 1983/84.
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* NOTE: Does not include surplus funds or transfers.

GOVERNMENT SERVICES

Capital

Motor Vehicles	*\$94,000	To provide additional funds for the construction of the Inuvik Weigh Scale.
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RENEWABLE RESOURCES

Operations & Maintenance

Field Services	*\$70,000	To provide funding to allow the Inuvialuit Game Council to conduct meetings.
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LOCAL GOVERNMENT

Operations & Maintenance

Directorate	*\$500,000	Additional funding for Regional and Tribal Councils.
Municipal Affairs	*\$507,000	To provide assistance for maintaining water/sewer system in Ft. Simpson.
Ministry of Culture	*\$400,000	To provide funds for the establishment of a Ministry of Culture and related culture grants program.

LOCAL GOVERNMENT

Capital

Community Planning and Development	*\$138,500	To provide additional equipment and works - Ft. Simpson.
Airports	*\$100,500	To provide additional funding for airstrip upgrading, Trout Lake, Jean Marie River.
Recreation	*\$172,000	Additional funds required to complete renovations on Igloodik Community Hall.
	*\$250,000	To provide funds for the Norman Wells Community Hall, deferred in 1983/84.
	*\$245,000	To provide additional funds for the dismantling of the Tuktoyaktuk Arena.
	*\$454,000	To provide additional funds to complete construction on multi-purpose Hall in Arctic Bay.
	*\$175,000	To provide additional funds to complete construction on Community Hall in Norman Wells.

*\$155,000	To provide additional funds to complete the community arena in Ft. Simpson.
*\$310,000	To provide additional funds for preliminary planning for proposed community complexes, Rankin Inlet, Baker Lake & Whale Cove.

SOCIAL SERVICES

Operations & Maintenance

Family & Children's Services

*\$888,000	To provide funding to permit initial implementation of the Young Offenders Act.
*\$225,000	To provide funding for one-time costs for the implementation of the Young Offenders Act. (recoverable)
*\$111,000	To provide funding for the study of an information system relative to the Young Offenders Act. (recoverable)

SOCIAL SERVICES

Capital

Family & Children's Services

*\$850,000	To provide funds for a secure facility Fort Smith & assessment Centre, Yellowknife as a result of the implementation of the Young Offenders Act.
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ECONOMIC DEVELOPMENT AND TOURISM

Operation & Maintenance

Directorate

*\$1,251,000	To increase the funding level for the Economic Development Agreement 1984/85.
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Business Development

*\$320,000	To provide for a contribution to the Slave River Sawmill for a wage support program.
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ECONOMIC DEVELOPMENT AND TOURISM

Capital

Expo '86

*\$500,000	To provide funds for the construction of the N.W.T. Pavillion for Expo '86.
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EDUCATION

Operation & Maintenance

Schools	*\$60,000	To provide funding for an additional grade 10 preparation class at Sir John Franklin High School.
College Programs	*\$1,500,000	To provide funding for additional courses related to the Mackenzie Valley Project Training Program. (recoverable)
	*\$271,000	To provide funding for various courses at Thebacha College. (recoverable)
	*\$278,000	To provide funding for Social Services Training Program at Thebacha College.
	*\$62,000	To provide funding for the Ophthalmic Program at Thebacha College.
	*\$69,000	To provide support funding for the Board of Governors at Thebacha College.

EDUCATION

Capital

Schools	*\$50,000	To provide additional funds for various projects due to low estimates.
	*\$508,000	To provide additional funds for the construction of the Keewatin Education Centre.

HEALTH

Capital

Territorial Health Insurance Services	*\$417,000	To provide funds for the purchase of a Boarding Home in Montreal.
	*\$675,000	To provide additional funds for the planning of Stanton Yellowknife Hospital.