

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

AN ESTIMATE OF COSTS - CREATING AND OPERATING THE GOVERNMENT OF NUNAVUT

December, 1992



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### **GLOSSARY OF TERMS**

Core Functions

Those functions essential to operating a distinct government. Includes the legislature and its supporting functions, finance, executive council and human resource management capacity.

**GNWT** 

Government of the Northwest Territories, prior to division.

"GNWT Study"

Financial Impact of Division of the Northwest Territories - Phase I Report - The Coopers & Lybrand Consulting Group for the Government of the Northwest Territories - 1991.

**NIC** 

Nunavut Implementation Commission, created pursuant to the Political Accord.

Nunavut Political Accord

The document initialled by representatives of the Government of Canada, TFN and GNWT that sets out mutual responsibilities during the transition to April 1999, the point at which the Government of Nunavut becomes a legal entity, drafted in accordance with Article 4 of the TFN Land Claim Final Agreement.

Stakeholders

Those organizations that worked directly with the consulting team during the course of this study.

- Indian and Northern Affairs Canada
   Tungavik Federation of Nunavut
- 3. Government of the Northwest Territories.

TEN

Tungavik Federation of Nunavut.

Western Government

The government that will remain in the western arctic after the Government of Nunavut becomes operational.



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### **EXECUTIVE SUMMARY - NUNAVUT**

The establishment of a new jurisdiction in northern Canada - a Nunavut territory with its own public government - is an event of foremost importance. In preparing for this, the federal government requires an estimate of the costs and economic benefits associated with this development. Of particular importance in this exercise are a structure for the public government, and timeframes for implementation. This study provides cost estimates on these matters.

This report is submitted to the federal government for its consideration in this important planning process. It is hoped that the information offered here will provide a good base for the determination of the overall costs and economic benefits of creating a new territory. Detailed data and planning of this kind is an essential foundation without which sound policy decision-making is not possible.

In 1990-1991 the Government of Canada provided \$735.0 million to the Government of the Northwest Territories in the form of an annual grant under formula financing arrangements to assist the territorial government in meeting its responsibilities. The GNWT is responsible for undertaking a broad range of provincial-type activities for a population dispersed over an area equivalent to approximately one-third of Canada's land mass.

In October 1992 the Nunavut Political Accord was signed by the Government of Canada, the GNWT and the Tungavik Federation of Nunavut. This document provides for the establishment of a new territory with its own public government.

The creation of a public government for Nunavut will require additional expenditures in the north. These will include one-time capital expenditures to develop infrastructure in Nunavut, additional operating funds to meet the requirements of running a separate public government, and sufficient resources to address the various needs of the transition period.

The cost estimates produced are based on a transition process that concludes in 2008. This transition timing (a) increases the number of local hires in more senior positions (b) permits more local hiring and significantly reduces the incremental costs incurred during the transition process, than if a shorter transition time was used (this report presents cost estimates for 1999 and 2008). As well, this approach gives the government more time to prepare for and manage the complex transfer of responsibility for program delivery.

The transition program developed is divided into two separate components. The first is from 1992 to 1999 during which time planning for legal responsibility of service delivery is completed. In 1999, the new public government is established. From 1999 to 2008, the majority of the transfer of administrative responsibility for delivery of services occurs.

A specific organization design and process was developed. This was needed in order to estimate the cost of the public government. It will be determined, during the transition process, whether the future Government of Nunavut will actually adopt the specific organizational design that has been developed here for costing purposes. This report can be used as a working tool to make adjustments as needed.

At the present time, there are 705.5 person years that deliver regional services in the Eastern part of the Northwest Territories, the area which will become the new territory of Nunavut in 1999. Based on the design created for the headquarters of the new public government and the transition process:

 In 1992 when the transition program is initiated, 22 incremental person years are required. This grows to 289 incremental



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person years in 1999 when the new public government assumes legal responsibility for service delivery. Finally it grows to 930.0 incremental person years in 2008.

- It will take 1,635.5 person years to operate the new public government for the Nunavut Territory in 2008. Of this total 705.5 are already in place in currently active regional operations (705.5 + 930.0 = 1,635.5).
- It is estimated that 75% of the executive level positions required to operate the new government structure will be filled through local native hire.
- With careful attention to human resource and an aggressive recruitment and training strategy, 460.5 of the new positions created to operate Nunavut could be filled through local hire by 2008. If a conservative methodology is applied this figure would be 177 positions.
- The incremental operating costs that will be incurred to sustain the new government structure are estimated to be \$9.6 million in 1992, \$11.6 million in 1999 growing to \$84.6 million per year in 2008. The \$84.6 million represents the only new additional ongoing costs associated with running the Government of Nunavut after 2008.
- One time costs incurred prior to commencement of full operations are estimated to be \$333.9 million:
  - new government capital costs \$68.9 million
  - additional community capital costs \$232.3 million
  - training costs \$8.5 million
  - other (e.g. legislation, transition management) \$24.2 million.
- These one time costs will be expended from 1992 to 2008. No other one time costs are anticipated.

The economic impacts resulting from incremental spending in Nunavut were calculated using the GNWT Bureau of

Statistics' Input-Output Model.

Impact was calculated for employment opportunities, gross domestic product, and gross spending. Capital construction expenditures up to full government operations (1992-2008) will generate 1,135 employment opportunities, spending will exceed \$411 million dollars, and the gross domestic product for Nunavut will approach \$117 million Once the government is fully dollars. operational, incremental spending after 2008 will generate 622 employment opportunities, spending will exceed \$146 million dollars, and the gross domestic product for Nunavut will approach \$33 million dollars.

The GNWT and TFN assisted in identifying the needs and directions governing the conduct of this study.

- 1. There were to be no predetermined limits concerning the structure for the Nunavut public government: the organization was to be designed to meet the needs identified.
- 2. The structure of the public government of the West was assumed to be constant to that in existence, in 1991, as was the cost data generated for 1991 GNWT Study which provided some of the foundation for this work. No assumptions were made about the structure of the GNWT after division. Savings that might rise from the restructuring of the new Western Government and any other reduction in resource requirements arising from division were not to be taken into account. The incremental operating costs identified as additional ongoing costs are not netadditional costs to the federal government in that they do not take into account possible cost savings from the West nor possible regional operation savings in the Eastern Arctic.
- 3. The two governments that would emerge from the process of division would be legally distinct and of equal status.
- 4. The structure of the Nunavut public government would enhance local accountability and community based decision making.

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- 5. The level of service currently available to citizens would be kept constant and be maintained uninterrupted during development of the new public government. The current structure for delivery of regional services will remain intact.
- 6. The cost of creating and operating the new government would reflect the scope of its responsibilities and the nature of the geographic region and citizens it would serve.
- 7. The number of local hires associated with creating and operating the new public government would be maximized consistent with an orderly and efficient transition process.

In combination these directions created a framework very different from that used in previous work. The capacity to custom design the structure to meet the needs of the Eastern Arctic, rather than duplicate existing structures, in conjunction with the direction to enhance community-based decision making and maintain services, removed many of the restrictions surrounding other work, and created opportunities to streamline and simplify structures.

The organization structure and resources allocated represent a configuration that will work. The needs expressed by stakeholders will be met. Deploying this level of resources through this organization will enable the government to meet its responsibilities to citizens of the region, and manage the transition process in a way that preserves service levels.

The strategy set out for enhancement of local hiring during the transition process sets a conservative agenda that gradually expands local hiring during the transition process. This approach takes into account several important factors.

The strategy is designed to maximize the number of senior executive and decision making positions filled through local hire. This reflects the direction to maximize the influence of local residents, and the reality of an organization structure that will have a reduced

need for clerical support, and a regionally distributed administrative framework. It also acknowledges that other levels of government, the administrative structure for the Comprehensive Land Claim, and the private sector will all be competing for qualified staff, and in the process will expand opportunities beyond those identified in this study.

The baseline department-level data generated in the 1991 GNWT Costing Study provided the initial data base for this work.

Part of the mandate for this study was to review earlier work and assess its relevance to establishing costs for the creation of Nunavut. Background research for this study identified nine other pieces of work that touched upon the creation and management of a government for Nunavut. Some of this preceding work was useful as an initial reference point, but the very different directions and needs underlying this study made direct comparison of findings, or utilization of anything other than some baseline data, impossible. Specific detailed examination of reorganization and streamlining possibilities, and detailed examination of the transition process, distinguishes this work from its predecessors.

The proposed organization structure utilizes four program delivery departments, supported by the group of core administrative and support functions necessary to create and maintain a territorial government. The approach creates a capacity to use community based structures where appropriate.

The transition process was designed to meet specific realities. There will be a long period of interdependence between the governments of the East and West while they re-establish themselves as distinct entities, and maintain existing service levels. Of particular importance was the direction to minimize the amount of in-migration needed to staff the new organization.

A five phase transition process is proposed. The first two stages (1992/93 and 1993/94) are used to establish a basic decision making and strategic planning infrastructure, and put in place the framework for those functions identified as essential to create and maintain a



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territorial government. Legal, financial and legislative capacities are among these functions.

At the end of the third phase (1994 to 1999) the Government of Nunavut comes into existence. At this stage the government will have the essential functions only. Remaining services are delivered through agreements with other governments or institutions, with the GNWT proposed as playing a major role. In stages four (1999 to 2004) and five (2004 to 2008) the new government undertakes additional direct delivery of services in accordance with the development of its technical and human resource capacities. The transition process commences with appointment of the Nunavut Implementation Commission, and ends, under the long transition, in 2008. The essential functions commence operation in 1999, with the first transfer of direct program delivery occurring in 2004.

For comparative purposes a "short transition" plan is also set out. This plan would have all programs come under the direct control of the Government of Nunavut in 1999. The "short transition" process would end at this point.

The "short transition" scenario is set out to show the implications of extending transition over a longer period of time. For example, the short transition scenario allows comparisons which indicate that the more gradual phased approach will reduce significantly the amount of in-migration necessary to run the new government.



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### 1. INTRODUCTION

### **OBJECTIVE OF THIS REPORT**

Dividing the Northwest Territories into two distinct regions with independent governments represents a major step in the process of recognizing the needs and aspirations of the citizens of Canada's north. The Boundary vote has been conducted. The Land Claim vote will occur in November, 1992. When this is complete attention will turn to developing the administrative framework for the new Nunavut government. While this is occurring the existing GNWT is also restructuring.

Empowering and equipping a new organization to carry out the complex processes of government is not an easily proscribed project with a distinct beginning and end. Rather, it is an evolutionary process that, to be successful, must reflect the realities of existing circumstances and the gradually emerging consensus among citizens of the North concerning the kind of government they wish to have. This will be a dynamic and changing process. It will require a great deal of communication, understanding and cooperation among those involved. It will also require a great deal of information.

This report is designed to be a stage in the continuing process of generating and refining information in support of this process. Other work has gone before it, and a great deal will follow.

The directives and assumptions used to guide the work covered by this report were provided by the Federal government, in consultation with the GNWT and TFN and differed significantly from previous work. In particular they permitted re-examination of existing organization structures and processes in terms of the needs and realities of Nunavut. They also acknowledged the importance of the transition to a fully operational institution. The structure for which costs were to be determined did not have to be a mirror image of any other government, and the process of getting from "here" to "there" was to receive more specific attention than it had previously.

This expanded approach moved this study from an effort to further refine costing of a "mirror image" organization (Nunavut was to parallel the existing GNWT structure in the GNWT Study) to costing of a preliminary strategic plan for transition, and the final results of that transition. This report has more strategic content than previous work. A summary assessment of previous work is found in Appendix A.

Although some have referred to this study as a "blueprint" for transition it is more accurate to think of it as a "preliminary indication" of what the process, organization structure and costs could be. It is a point from which the journey can begin. The final "blueprint", and the commitment to carry it out, will require detailed implementation work driven in large part by those living and governing in the North, and those who support their efforts.

### IMPORTANT REALITIES

This study must be understood within the overall context of the principles and assumptions outlined in Appendix B. The current realities of population size, growth and dispersion, unemployment and education, and the influence and variable structures of local and regional governments are also relevant facts. They are facts that have influenced the assumptions and needs identified by stakeholders. They are facts that will determine



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the pace and direction of changes in government structure and service delivery in the Eastern Arctic.

The design of the organization for governing Nunavut, and the transition process for implementation are, in essence, an attempt to cope with these facts. Approaches to organization design and costing different from those recommended in this report would have to be evaluated in terms of their capacity to effectively address the issues raised by these potent realities.

## STUDY SCOPE AND GENERAL METHODOLOGY

Evolution of this study must be understood within the context of previous work, and the circumstances that prevailed during the term of this undertaking (Appendix A). This report now reflects needs as they emerged, and as such differs significantly from original intentions and previous work.

#### THE ORIGINAL APPROACH

The original approach to costing, outlined in The Coopers & Lybrand Consulting Group (CLCG) response to the Request for Proposal, indicated that the process would require development of a consensus among stakeholders concerning the major principles and needs to be accounted for in the development of potential organization designs. After developing a consensus, three alternative designs for the new organization would be proposed. Consensus on the suitability of these alternatives would lead to costing of each.

This approach would produce costs for three alternative organizations, at a single point in time.

#### THE NEXT STEP

As support material was evaluated and preliminary discussions were held with

stakeholders, it became evident a costing approach anchored to a single point in time would not provide the information needed to support decision making since some identified needs involved a transition process.

At the January 13 and 14, 1992 meetings in Edmonton a new approach was adopted. Instead of costing three alternatives fixed at one point in time, CLCG would cost the "core services" needed for a start-up structure for Nunavut, a "full services" structure for Nunavut start-up, a "full services" structure for Nunavut at the end of a transition period, and a "full services" structure for the GNWT at the end of the same period (Enclosed portion of Exhibit 1).

The Federal government's additional costs, and costs directly linked to land claim settlements were not to be included.

This approach recognized the importance of determining and costing the mandate and functions to be in place at start-up in order to plan and cost the transition period to that point. It also recognized the emerging reality that it would not be possible to put in place a fully functioning government at start-up while continuing to meet the principle of minimizing in-migration.

### THE CURRENT APPROACH

Although technically valid (given assumptions at that point), the approach adopted at the Edmonton meeting was adjusted because of the GNWT decision to begin implementing parts of the "Strength at Two Levels" report. The structure of the GNWT had become a "moving target". It was not possible to sustain the assumptions needed to put in place a structure for the NWT that could be costed effectively. To do so could also have been perceived as unsolicited speculation on the final structure and cost of a long term redesign of an existing organization; a sensitive exercise to be led by the elected members of the GNWT legislature.

It was agreed that the costing undertaken in this work would encompass the cost of transition to



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April 1, 1999, the cost of a group of core government functions in place on April 1 1999, and the cost of "full operations" by government on that date (shaded portions of Exhibit 1). As well there would be an estimate for the cost of full operations at a specific transition point, to be determined by identifying the point at which there would be insufficient benefits (e.g. in-migration) to further delay the transfer of services. There would be no costing of any operations of GNWT. the acknowledgement of the likelihood of change emerging from the combination of implementation of "Strength at Two Levels" and the recommendations of the Western Constitutional Commission.

The organization would be designed and costed in accordance with the stated directions.

- 1. There were to be no predetermined limits concerning the structure for government: the organization was to be designed to meet the needs identified.
- 2. The structure of the Government of the West was assumed to be constant, as was the cost data generated for the GNWT Study. No assumptions were made about the structure of the GNWT after division. Savings that might arise from the restructuring of the New Western Government and any other reductions in resource requirements arising from division were not to be taken into account.
- 3. The two governments that would emerge from the process of Division would be legally distinct and of equal status.
- 4. The structure of government would enhance local accountability and community based decision making.
- 5. The level of service currently available to citizens would be maintained uninterrupted during development of the new government. The current structure for delivery of regional services will remain intact.

- 6. The cost of creating and operating the new government would reflect the scope of its responsibilities and the nature of the geographic region and citizens it would serve.
- The number of local hires associated with creating and operating the new government was to be maximized consistent with an orderly and efficient transition process.
- 8. Costs associated with Federal Government Departments and Agencies, and Land Claims, were not to be included.
- 9. Regional program structures currently in place were not to be addressed.

#### IMPORTANT THEMES

Several themes have consistently appeared during the consultation process undertaken for this study. The concept of evolution has been mentioned. Those involved know about the change process they are part of, and that the process will be driven by the needs they identify and the objectives they choose to pursue.

The level of interdependence is also recognized. Those involved are and will remain dependent upon each other.

There are also significant limitations faced by those involved. Difficulties of population size and dispersion, limited quantities of human and financial capital and the challenges of maintaining existing services, while also managing a complex change process, have a major impact on the processes and options available.

This report is tabled in a spirit of co-operation and shared objectives. We acknowledge not everyone will agree with every element of the approaches we have suggested or the costs we have identified, but we hope our attempts to work within the directives provided have



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resulted in a framework from which meaningful and cooperative planning and decision making can begin.

We would like to note in particular the extremely co-operative and constructive approach taken by all stakeholders during this study. The issues involved are complex and sensitive. The affected parties dealt with them effectively, and provided the consulting team with timely and clear directions essential to completion of such a complex task within specified time frames.



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### 2. ORGANIZATION DESIGN

## THE NEW ORGANIZATION - A QUESTION OF BALANCE

### ORGANIZATION STRUCTURE

The organization design set out in Exhibit 2 was developed using the methodology outlined in detail in Appendices C and D.

Program functions critical to basic government operations, called core functions, were identified first. Remaining program functions were then reviewed and classified using the criteria set out in Appendix D-1, and Exhibit D-2. After general program groups were established, more specific functions were evaluated. These functions were combined with others, left intact, or eliminated based on their viability (some were just too small to operate alone), duplication and overlap with other services, or ongoing need.

This design addresses the challenges raised by the stated principles and assumptions (Appendix B), and the valid concerns raised by stakeholders. The design addresses the two major categories of concerns raised:

1. Regionalization All Deputy Ministers are now responsible for a functional area: there are no Deputy Ministers exclusively responsible for a specific region. The need to reflect regional influences is accommodated through the direct link between the Deputy Minister and the program director in each region. Those responsible for a program in a region have direct access to senior level decision makers and policy support, and will be able to ensure regional needs and realities are considered in the process of policy development and service design. Regional program directors are accountable for all

aspects of program delivery in their region. This approach addresses the concerns of stakeholders, while also maintaining a strong regional influence.

2. Functional Groupings There are four program groups used in this approach. This produces a symmetric distribution of responsibilities, and effectively deals with a broad range of program responsibilities. The design represents a significant collapsing of programs and will permit development of an efficient and effective structure. Allocating senior level policy and advisory staff in the deputy minister's offices, for example, will permit a more efficient use of support materials such as information systems and support staff.

This is an important characteristic of the proposed organization. Because the pool of skilled analysts will be limited, it is critical that the synergy and efficiencies gained by having those involved in similar or overlapping disciplines working closely together be utilized. The re-deployment of positions anticipated in the costing exercise reflects our judgments concerning the efficiencies possible through this approach.

As the charts in Appendix D indicate, the organization design acknowledges and maintains existing Boards and Agencies, ensures a single deputy minister is responsible for finance, human resources and related support services in each region, and accommodates further allocation of responsibility to local government as the parameters of regionalization are further refined among stakeholders, and local capacity grows.

Use of this approach in program grouping also addresses accountability. There would be a single Deputy Minister and politician responsible for each program grouping.



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#### MANAGEMENT PROCESSES

The structure reflects our belief that management processes and systems can be used to enhance the responsiveness of the structure to the priorities of Nunavut. Information technology can expand communications between regions and Deputy Ministers, (hence the absence of a layer of managers between Regional Directors and Deputy Ministers). Effective consultation and customer access mechanisms can ensure meaningful local input to decision making.

As indicated in Appendix D, the important need for focused customer service access points is added to the existing regional structure. There would be a single point of access to government services in each region, through which a client would be directed to the appropriate point in the organization. This would make it easier to contact relevant government services.

#### **SUMMARY**

We believe this government structure and supporting management processes will provide an efficient and effective administrative framework for delivery of services, and will respond to the priorities set by the elected representatives of Nunavut. In particular it meets the challenge of balancing the expressed, but not yet specifically delineated, directive to maximize regionalization of service delivery against the pressure to centralize decision making, in response to the many policy and administrative challenges the organization will face in its early years. As the costing process will indicate, there are also some significant efficiencies associated with this structure.

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### 3. TRANSITION - DEVELOPING NUNAVUT

In order to quantify the cost of transition to a separate eastern government, it is necessary to set out a proposed transition process. As was the case for the design of the organization, there is no single optimum solution to this challenge, but rather one or more options that seem to best accommodate current circumstances. The process set out in Exhibit 3 and explained in this section meets the challenges as they are currently known. To the extent these change, the process itself would have to change.

This section sets out the overall general influences on the transition process, and an explanation of the five phases used.

## MAJOR INFLUENCES ON THE TRANSITION PROCESS

In addition to the general principles and directions set out in Appendix B, there are several specific influences on the transition process that affect the overall timing and sequencing of events.

### 1. An Occupied Field

Although creation of a new government in the East produces an opportunity to respond to anticipated challenges in new and creative ways, it must be remembered that several levels of government currently exist in this region. Programs operate, and services are provided by individuals whose families and careers are linked to existing structures. Large numbers of current residents depend upon government in significant ways.

This reality means transition must be approached not as the development of an administrative structure from a "clean slate", but rather as the gradual creation of two new

organizations from the framework now operating. The overall administrative structure for Nunavut will not emerge new and intact, but rather will evolve through a series of stages originating in the current reality of government in the North.

### 2. Interdependence

Since there are already governing and service delivery structures in place, the transition process should not be approached as a tightly prescribed series of closely controlled stages that will produce a new organization. It is, instead, a general framework for managing the interdependence that will continue to exist among all major stakeholders, and the planning and negotiations that will occur as new institutions emerge in Nunavut.

The individual and collective responsibilities of the GNWT, the new Government of Nunavut, those responsible for implementing the Land Claim, and the Government of Canada, require that each party clearly understands and accepts its role and the roles of others. Close cooperation will be needed to support the objective of all parties, namely a successful transition. This means the transition process must set out the phases involved, and the organizational capacity the Nunavut Implementation Commission (NIC) will need to play its role in the process.

The Nunavut Implementation Commission (NIC) will play a major role in the early years of the transition process. Created through Part 6 of the Political Accord, the NIC will have nine members, six of whom must be "ordinarily resident" in the "Nunavut Settlement Area". The NIC is to provide advice to the parties on the "creation of Nunavut", including the timetable for assumption of service delivery, the design and funding of training plans and the process for



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Long run success depends, in particular, on maintaining a mutually satisfactory partnership between GNWT and the Government of Nunavut, supported by Federal funding, and program management strategies that meet the long term needs of these two partners.

This approach is currently implied in Part 6 of the Political Accord. The mandate for the NIC sets out its role in helping to establish a process, principles, criteria, designs and timetables, while acknowledging the need for flexibility and mutual adjustment in this process.

#### 3. Law and Administration

A clear distinction must be made between the legal reality of Nunavut, and its administrative and program delivery responsibilities.

This distinction must be made because of the different "drivers" and time frames involved. The legal framework is driven by political needs and wills, the realities of law making in Canada, and the rhythm of the governing process at the Federal level. The administrative framework is driven by factors such as time frames for general and technical education (to minimize in-migration), the development and implementation of information management systems, and the transfer or relocation of individuals and their families.

On April 1, 1999 the Government of Nunavut will have legal authority and accountability commensurate with its status within the framework of governing institutions in Canada. As such it will control distribution of funds used for service delivery, and revenue generation. Although the mechanisms it uses to maintain or modify service delivery may change, and may not involve direct delivery by employees of the Government of Nunavut, accountability for decisions affecting service delivery will clearly rest with the new government.

### 4. Uninterrupted Transition

The guiding principle concerning maintenance of services throughout the transition process is extremely important. It creates a high level of interdependence among the institutions currently providing services. The NIC will have to work closely with other organizations to carry forward the change process, and after it achieves legal standing the new government will have to work closely with those institutions to ensure adequate service delivery.

This principle requires that change be carefully engineered to ensure all involved know, understand and are willing and able to carry out the roles ascribed to them. In particular, it requires that the Western and Nunavut governments reach mutual agreement on arrangements for continuity of service.

In terms of the legal framework, the need for consultation has been recognized in Part 2 of the Political Accord. It also means that those receiving services must understand what is proposed, and how and when change will occur. The emphasis on local decision making places further emphasis on communication as decisions about service delivery are increasingly localized.

#### 5. Minimize In-Migration

This major principle must be considered in conjunction with the uninterrupted transition mandate. If there is to be no risk of service disruption the "framework" in place before Nunavut undertakes direct administration of a particular service must have a capacity comparable to that already operating in the GNWT.

A key element of this framework is the skill level of the workforce. If in-migration is also to be minimized this skill set must be developed locally. This means the time frames and costs associated with this endeavour become the critical determining factor in any strategy for program transfer. The availability of skilled local staff, and the time needed to ensure this, will drive the process. It also means variation



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of this policy in any program area will affect the timing of program transfer. Since this is a policy decision, it is largely within the control of the parties involved. The current wording of the Political Accord, requires that the NIC work toward employment of local residents, but specific targets are not set.

Timing of transitions will affect the degree to which in-migration is minimized. The impacts of using a shorter transition period are that:

- (i) About 50 fewer local people will be appointed prior to "start-up";
- (ii) The availability of trained and experienced personnel may be limited; local people who have settled in the larger Eastern communities may need to be enticed to relocate;
- (iii) Training positions within the government may need to be created;
- (iv) Training must begin immediately; and
- (v) A strong recruitment drive in the schools and communities must begin immediately.

The major benefit of a longer transition period is that it allows more local people to be recruited, gain experience, and obtain preemployment vocational training. This should ensure a smoother transition because the people will be better equipped to take charge of this major northern enterprise

### 6. Reasonable Cost

It is recognized that creation of two governments where one previously existed will involve additional ongoing costs, and that the cost of transition is to be funded as a separate "one time" undertaking. It is also clear that costs are to be reasonable, and managed pursuant to pre-established limits. Part 8 of the Political Accord, indicates that the fiscal framework for transition is to be established prior to the coming into force of enabling legislation. The approach is to be primarily

"business as usual", with the transition process to be encompassed, to the greatest extent possible, in the overall cost of governing.

This means that, wherever possible, development and implementation of the transition framework will have to be synchronized with existing service delivery activities. New management systems, such as those in respect of human resources or information technology, cannot be wholly created outside existing ones, but must instead emerge from that which is already in place. This further increases the need for close cooperation and joint planning involving all stakeholders.

### 7. Distinct Governments

A fundamental principle underlying the structure and the transition process is the equal and separate status of the two northern governments involved. The legal framework and its timing are designed to reaffirm this principle as early as possible. This emphasis has implications for the transition process.

The elected representatives who will form the Government of Nunavut must have, and be perceived as having, direct and meaningful involvement in the design and delivery of the transition process. This means the plan cannot be seen as being "carved in stone" early on in the process: there must be room for meaningful input before and after April 1 1999. Since there must be distinct governments, there is also a "core" group of functions that form a threshold beyond which the new government must pass before it can carry out those activities fundamental to a functioning government in the Canadian context.

For the transition process to provide the needed core functions that will allow the government to take control, the "run-up" to April 1, 1999 must include a wide range of activities. There will be (a) high level strategic activity related to long run program and political agendas underway, and (b) detailed administrative and infrastructure planning and implementation work directed at having specific capacities in



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place on designated dates. The process must encompass and facilitate both.

### 8. Major Strategic Decisions

Although much transfer activity will not occur until later stages in the transition process (Phases Four and Five in Exhibit 3), many decisions made in the early stages will have a major impact on long term service delivery. The choice of a platform for information technology, the framework for addressing long range employee benefits, the underlying style and principles for drafting legislation, or the basic strategy for delivery of a class of programs, are examples of decisions that will have long lasting effects. This means that although detailed implementation planning for some program sectors will not occur until later on, the early stages of the transition process must include strategic consideration of the full spectrum of contemplated activities to ensure that decisions of this type are made with an awareness of the full breadth of their implications.

### 9. Minimum Capacity

It is important that the new government have the capacity to undertake its role effectively in respect of its citizens and other governments and institutions. The scope of policy issues and challenges the organization will face will parallel those of comparable governments. From the point of legal accountability onward, given the distinct legal status of the government, it must have the basic minimum capacity to govern effectively. The lengthened transition process costed as a feasible option in this study assumes the organization design proposed in this report is adopted. Under these arrangements it is possible to operate with the staff complement indicated for start-up in 1999. A major change in the organization design would require a re-evaluation of the suitability of this complement.

### THE STAGES IN THE PROCESS

Overall, the suggested transition process acknowledges the need to first develop the basic infrastructure for the NIC, in particular bringing into the organization the senior level planning, administration and negotiating skills needed to develop the details of the process and the basic framework for creation of a new government.

This initial challenge is then followed by an extensive planning and information gathering phase, which leads to development of the core functions, and creation of the bridging mechanisms for the other functions that will follow.

The remaining stages are a repeated cycle of preparation for, and then transfer of, programs from the bridging mechanism to the Government of Nunavut. This "rhythm of transfer" is designed to support the "minimize risk" and "minimize in-migration" directives in particular.

It is also in harmony with the organization's program groups set out in Chapter 3, and outlined in detail in Appendix D.

The timeframes set out for each Phase reflect calendar years, and overall feasibility at the time of this study. Actual timeframes may differ in response to influences not known at this time, or to the requirements of fiscal year planning. The proportion of overall transition time devoted to each stage should, however, remain as outlined.

<u>PHASE 1</u> -- January 1992 To December 1992 - Establish N.I.C.

This stage covers the year during which the NIC is appointed pursuant to the Nunavut Act. The objective is to create the NIC and put in place a basic administrative structure for its



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operations, and recruit an executive director and selected other senior level staff to begin the process of creating the overall development plan. These senior people should be seen as clearly responsible for the process of managing the development of specific program groups. They should be established at the deputy minister level.

This stage includes preparation of preliminary communications material, and commencement of preliminary discussions with GNWT on a wide range of issues including possible transfer or sharing of key staff, and arrangements for starting the process of dividing assets, creating service delivery bridging agreements and ensuring minimization of in-migration. Development of a data base on which to build a preliminary human resources plan would occur during this period.

An important part of this stage is development of a shared understanding of longer term expectations between the senior staff of NIC and MLA's from the Nunavut area. This is necessary to ensure that initial planning and negotiations undertaken in the next stage accurately reflect the views of political decision makers. A formal mechanism should be established to ensure a meaningful on-going link between the activities of the NIC and the MLA's of Nunavut.

### <u>PHASE 2</u> - January 1993 To December 1993 - Detailed Planning

Although actual program transfers, beyond core functions, will not occur until well past April 1999, the interdependence of many services requires that all be considered initially as part of an overall approach. Some administrative dimensions of service delivery, such as the legislative framework, and the information and human resource management strategies, span all programs. Effective long term strategies in these areas, which affect both Nunavut and GNWT, must be developed with an appreciation of overall intentions. Some decisions about program delivery mechanisms, especially concerning capital and human resource needs, will have to be considered at

this stage to ensure that the long development cycles involved do not delay transfer of services in later stages of the process.

For "core" services this stage involves detailed planning for provision of full service on April 1 Human resource, information 1999. technology, legislative and capital issues must be addressed in detail. The objective is to have, by the end of the phase, an extremely detailed plan that will set out exactly how full operations for "core" functions are to be achieved. This plan should set out deliverables to at least the monthly level for the period January 1 1994 to April 1 1999. This process should be carried out in three stages. Stage one would involve developing a draft plan. Stage two would be consultation with those necessarily involved in implementation. Stage three would be refinement of the plan followed by approval by the NIC.

For the other two program groupings (Education, Culture, Capital Works and Northern Development in Phase Four and Social Services and Health in Phase Five) this stage will involve meeting two separate needs. The first priority is to begin the process of putting in place the arrangements for service continuity in these areas beyond April 1, 1999. A less important but linked consideration is to begin setting out the process for transfer of administrative activity to employees of Nunavut, where appropriate.

Getting ready for the service continuity challenge involves several stages within this phase.

(i) Strategy Development - Before approaching GNWT or other organizations regarding service maintenance or transfer arrangements, the NIC must initially clarify its own overall needs and preferences. Although the desirability or achievability of these preferences may be altered significantly by subsequent events, it is important that interaction with other stakeholders not occur until this preliminary step is completed.



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- (ii) Exploratory Talks Before commencing any detailed discussions or negotiations, NIC should hold preliminary or exploratory talks with a number of institutions, in particular the GNWT. Consideration might also be given to undertaking joint information gathering to provide further information to all parties. This will permit clarification and enhancement of available options and support further refinement of objectives.
- (iii) Strategy Refinement Completion of items
  (i) and (ii) will permit further refinement of
  an overall strategy for dealing with service
  continuity and transfer issues. It will also
  allow all stakeholders to refine their
  positions based on a greater appreciation of
  the needs and aspirations of others, and a
  common understanding of the most
  important facts.
- (iv) Detailed Planning The refined strategy is then turned into a detailed plan. This plan will drive the negotiations with other organizations deemed important to service continuity and transfer. The plan will have to be altered to reflect the results of negotiations, but if the information and "intelligence" gathered in parts (i) to (iii) of this process are accurate the plan should form a solid platform for commencing negotiations. There should not be any major surprises for stakeholders.

# <u>PHASE 3</u> - January 1994 To April 1999 - Core Building And Consultation

The overall objective for this period is to turn the plans developed and refined in Phase Two into realities. At the end of the period there should be in place an operational "core", and arrangements assuring continuation of services beyond April 1, 1999, in a fashion supported by stakeholders.

Three activities dominate this period of time (see Exhibit 3). In respect of "core" functions, the detailed plan developed in Phase Two is carried out. For other functions activity is divided into two stages.

First the planned approach to service maintenance and transfer is used as the basis for consultation within Nunavut. Before commencing detailed negotiations key community leaders of the region must understand the overall approach and its implications for the type and costs of services delivered. In response to this consultation process there may be further refinement of needs and objectives.

This first step is followed by the process of negotiating arrangements with the organizations targeted through the analysis and consultation process. GNWT will be a major participant, but it is possible others will also be involved.

The detailed procedures for putting in place the bridging arrangements will be developed in accordance with plans put together in Phase Two, and the feedback obtained in the consultation portion of this phase. In any case, we recommend that the parties target late Fall of 1997, and possibly earlier where arrangements require long "run up" initiatives such as is needed for human resources, as the point at which program bridging arrangements should be established.

#### <u>PHASE 4</u> - April 1999 To 2004 Implementation And Program Transfer

The objective for this phase is to implement the core functions and complete the transfer of medium term programs. This process will involve designing handoff procedures acceptable to affected parties and ensuring suitable infrastructure exists to receive the administrative responsibilities involved.

At the beginning of this phase, the new government becomes legally responsible for all service delivery.

# <u>PHASE 5</u> - 2004 To 2008 - Program Transfer

The objective here is to carry out the transfer of remaining programs. The development process is completed at the end of this stage.



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## THE ORDER OF FUNCTIONAL TRANSFER

The proposed transition process sets out administrative transfer in three stages: (i) Core Functions; (ii) Education, Culture, Capital Works and Northern Development; and (iii) Health and Social Services.

The core functions cover those activities essential to the political and executive functions of government in Canada. For example, Nunavut could not be a government without a functioning legislative assembly. Appendix D sets out the framework developed for and used by the stakeholders to determine which functions were to be treated as core functions. The order of transfer for remaining functions (see (ii) and (iii) above) was designed to acknowledge the following influences.

#### 1. In-migration

The directive to minimize in-migration can be effectively implemented only through the manipulation of transfer points to accommodate the local availability of qualified persons emerging from the human resource development system. Programs involving extensive qualifications to occupy senior positions will require longer time frames to program transfer. The time frames are determined by the limitations and time requirements of the training process.

#### 2. Maximize Discretion

Those elected to govern Nunavut will want to influence the design and delivery of high profile programs within the region, such as education and health care. Where possible, the timing of transfer has been positioned to permit representatives to have direct influence over the manner, timing and substance of program transfer and delivery.

#### 3. Division of Assets

The process of dividing the assets associated with some of these programs will take some time and should be carried out in conjunction with other decision making surrounding program transfer. Where the program is complex, and the assets not easily divisible, timing should recognize this reality.

#### 4. Legal Frameworks

If there are to be any adjustments to the legal framework for some of the more broadly based or complex programs, this should occur before any transfer. This avoids having to make two separate adjustments, legal and administrative, in relation to the transfer. It also ensures compatibility of legal and administrative systems. The process should reflect the time needed to accomplish this, and the reality that a functioning legislature is needed to do so.

#### 5. Integrity of Program Groupings

To avoid a state of almost constant transfer activity, it is more effective to carry out transfers in packages that parallel the program groupings outlined in the organization design. This means that the optimum point of transfer will be determined by the "slowest" of the programs contained in the package. For example, if the greatest challenges in the Social Services/Health Care group flow from Health Care, then the speed at which these are addressed will determine the timing of transfer.

#### 6. Impact on the GNWT

There are two governments involved in this process. Transfer of programs will affect both, especially for larger programs. The "donor" government needs to have time to develop its own strategies for handling the human resource and expenditure implications of the transfer, especially where it has been continuing service delivery during the transfer process. The stresses being created through the reorganization of the GNWT must also be acknowledged. Rapid transfer of programs while this process is underway would



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undermine the directive for a low risk transfer.

#### 7. Information and Communication

There is a strongly expressed preference for extensive communication and education activity before significant change is undertaken. Since the grouping of programs is being changed during transfer, this process could take some time; familiar service packages will be changing significantly.

This transfer process is designed to accommodate these requirements to the greatest extent possible. It is designed in particular to support the collaborative approach taken in the Political Accord.



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#### 4. CREATING AND OPERATING THE GOVERNMENT

Chapter 3 set out the proposed transition process for creating a fully operational government. This chapter presents the human and financial resource impacts of employing a three- or five-phase transition process.

Exhibit 4 contains summary information about person years, costs, and revenues. For each category shown in the left-most column, the two right-most columns indicate either a person year value or a dollar value for a transition process that is to be completed by 1999, or 2008. The details that support this information are found in Appendix F. Exhibit F-2 addresses the 1999 scenario and Exhibit F-4 addresses the 2008 scenario. The logic, assumptions, values, and methodology used to generate the results appearing in Appendix F are fully explained in Appendix E.

The information presented in Exhibit 4 has been grouped into estimated person years, annual costs of full operations and annual revenues.

## PERSON YEARS, COSTS AND REVENUES

#### Person Years

The total staff complement required to operate the government is estimated to be 1,636 person years, regardless of which transition scenario is employed. The regional requirement remains as is at 706 person years. The headquarters requirement, which is incremental, is 930 person years.

Of those employed at headquarters over four fifths will be recruited from outside the immediate area. A longer transition period results in more local residents being hired because they will have more opportunity to

receive the training needed to fill available positions. The net effect is that, under a shortened transition scenario, 129 positions will be filled by locally-hired candidates. This number increases to 177 under a lengthened transition scenario.

The relationship between the total Nunavut local-hire representation and that found at each job category in the organization is also indicated. A full 60% of the executive and 42% of the senior administrator positions are filled locally in the shortened scenario, while the percentages are 75% and 40%, respectively, for a lengthened transition.

A lengthened transition allows for more hiring of local residents, and a greater proportion of senior administration positions filled by local residents.

(Related Exhibits: E-1, E-4, E-8, E-13, F-2 and F-4).

A second scenario based on a very aggressive recruitment and training strategy, during a lengthened transition, was undertaken. By increasing the local hire representation at the support (to 50%), Officer (to 51%), Mid-level (to 40%), and Senior (to 52%) job categories the number of positions filled locally could reach 460.5. Given this estimated high demand for local human resources and the more extensive training and experience requirements in headquarter level positions, a very focused and energetic campaign will be required in order to have half the positions in Nunavut filled locally.

Only the associated training costs for this second scenario have been provided as a local hire representation of 177 is deemed more conservative and prudent.

(Related Exhibit: F-5).



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#### Annual Cost Of Full Operations

Annual expenditures are estimated to be 620 million dollars under either transition scenario. Regional spending of 233 million dollars accounts for 38%, and headquarter spending of 387 million dollars accounts for the remaining 62%. Of the latter, the capital portion has been fixed at 75 million dollars, while the balance, 312 million dollars, represents operating costs. The operating cost estimate for Program functions of 134 million dollars is higher than that of Agency functions of 102 million dollars, and more than double that of Core functions of 63 million dollars. The remaining 12 million dollars goes toward the operations and maintenance of the infrastructure.

The Core functions, the Program Delivery functions, and the Agency functions ultimately deliver the same level of service under either transition scenario. Also, under either transition scenario, the same government infrastructure is ultimately required. Therefore, annual capital, operating, and maintenance cost estimates for these items are the same in both cases.

However, under the shortened scenario, more community infrastructure is required to support the larger population caused by a greater degree of in-migration. Therefore, where transition ends in 1999, it will cost the government about 340 thousand dollars more annually to operate and maintain the community infrastructure.

(Related Exhibits: E-1, E-2, E-3, E-9 to E-19, F-2 and F-4).

#### Annual Revenues

Current sources and amounts of revenues are assumed to remain intact under both transition scenarios. Annual revenues are about 295 million dollars, with about 15% coming from Core Functions, 55% from Program Functions, and 30% from Agency Functions. Since the baseline data indicated no revenues being generated in the regions, regional revenues are assumed to be nil.

(Related Exhibits: E-1, E-20, F-2 and F-4).

#### **INCREMENTAL COSTS**

Exhibit 5 highlights only those costs that arise as a result of setting up a new government. These are costs that would not exist if a new Nunavut government were not created. This estimate does not provide the net incremental cost to the Government of Canada for servicing all regions of the Northwest Territories because this study does not take into account potential savings that will result when the GNWT is reorganized.

New, additional costs associated with the establishment of the Nunavut Government, have been identified. Those that will be incurred only once, and those that will be repeated year after year, have been identified separately.

## One Time Incremental Costs Incurred Prior To Full Operations

These costs arise only during the transition vears, as the government is being "built". Once all aspects of the government have been put in place, this "seed money" will no longer be required. Expenditures that fall in this category include all costs associated with activities that are purely transitional (i.e. training of locally hired appointments, recruitment and settlement of non-local hires initially required to fill the new positions, transition management, legislation development, forms and supplies, computer operations support, software modification, and office accommodations), plus the cost of building the government and community infrastructure.

Total one-time costs range from 334 to 340 million dollars. The shortened transition period costs about 6 million dollars more than the lengthened transition period. The difference arises because more people are recruited from outside Iqaluit under the shortened transition



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scenario, driving up the need for more community infrastructures.

## Other Incremental Costs Incurred Prior to Full Operations in 2008

In addition to one-time costs, the government will spend incremental dollars on expenses that recur year after year. The total outlay for recurring expenses between 1992 and 2008, inclusive, is 911 million dollars for a transition completed in 1999 and 520 million dollars for a transition completed in 2008. Effectively, 391 million additional dollars will be spent on incremental recurring costs between 2000 and 2008, if transition is completed by 1999. This is because the cost drivers are introduced sooner: facilities are built earlier, Core Functions are operable sooner, and recruitment is accelerated.

Included in this category is the cost of operating and maintaining capital infrastructures, which is higher when transition is completed by 1999 because infrastructures are built sooner and maintained for a longer period. For example, under the shortened transition operating and maintenance costs total 110 million dollars by 2008, or 31 million dollars more than the outlay required under a lengthened transition scenario. example is that it costs about 6 million dollars more, by 2008, to operate and maintain the government infrastructure because construction is completed earlier under the shortened transition.

(Related Exhibits: E-9, E-10, E-11, E-12, E-18, E-19; E-1, E-2, E-3, E-15, E-16, E-17; F-2 and F-3).

Another expense in this category is the net cost of running the Core Functions which, at 251 million dollars by 2008 under the shortened scenario, amounts to twice as much as under the lengthened scenario.

Also included are costs associated with the Wildlife Management Board, the Water Management Board, the Land Use Planning Commission and the Impact Review Board.

Since the activities of these organizations begin in 1999 under both transition scenarios, the cumulative expense (44 million dollars) is the same in each case.

The last type of expense in this category is the headquarters payroll and personnel cost related to the Program Functions (Northern Development; Capital Works; Education and Culture; Social Service and Health). Between 1992 and 2008, this expense amounts to 475 million dollars under the shortened transition scenario and 248 million dollars under the lengthened scenario. The difference is because programs, and the people needed to deliver them, are brought on stream sooner under the shortened scenario. The amounts shown represent the payroll and personnel proportion of total program cost. The proportion used for the aggregate is the same as for a typical year of full operations (see Exhibit E-13).

(Related Exhibits: F-2, F-4, E-13).

## Annual Incremental Costs That Will be Incurred After Full Operations

The annual incremental costs that will be required on an ongoing basis after full operations are established (i.e. 2008) amount to 84.6 million dollars. Costs appearing in this category are of four kinds:

1. Costs associated with new services - The Legislative Assembly, Executive Council, Justice, and Human Resource & Finance functions would not exist unless a new government were being created. However, revenues exceed costs for the Core Functions by as much as 18.6 million dollars, thereby reducing the incremental cost burden. Other new services include the Land Use Planning Commission, the Wildlife Management Board, the Water Management Board, and the Impact Review Board. Incremental costs for these services are estimated at 4 million dollars per year.

(Related Exhibits: E-1, E-2, E-3, E-13, F-1, F-2, F-3 and F-4).



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Costs connected with new facilities - These are the costs of operating and maintaining the government and community infrastructure. The latter costs about 340 thousand more per year under the shortened scenario because more community infrastructure is needed to support a greater amount of in-migration.

(Related Exhibits: E-9, E-10, E-11, E-12, E-18, E-19, F-2 and F-4).

3. Costs pertaining to the new people working at headquarters - These costs include wages and salaries (62.6 million dollars), plus additional costs for recruitment, settlement, vacation travel assistance, and ultimate removal (totalling almost 5 million dollars).

(Related Exhibits: E-1, E-4, E-13, F-2 and F-4).

4. Costs related to doing business in a more remote part of the country - This expense was included to reflect the fact that it costs substantially more for goods and services in Iqaluit than it does for equivalent items in Yellowknife. The cost of living factor is estimated at about 19 million dollars per year.

(Related Exhibits: E-13).

#### CONCLUDING OBSERVATIONS

#### Implications of Transition Periods

As Exhibit 4 indicates, the annual human and financial resources impacts of employing a three- or five-phase transition process are about the same. With respect to human resources, there is no difference in the person years complement, either at headquarters or in the regions. Approximately 50 additional person years are involved in headquarters under a lengthened transition; however, the distribution of local hire appointments is highest among the senior administration positions under either

transition scenario. From a financial perspective, the difference in the annual cost of full operations is less than a tenth of a percent, and annual revenues are equal.

In the area of one-time costs, the difference, is inconsequential, given the overall investment and the time period covered. Specifically, it is estimated that the one-time cost under a shortened transition is 6 million dollars more than under a lengthened transition, which would be spread over an additional 9 years.

The significant variance between transition periods of different lengths is the amount of money necessary for other incremental costs during the period of 1992 through 2008. Over a span of 17 years, the government will spend, over and above one-time costs, anywhere from 520 million incremental dollars (if implementation stretches to 2008) to 911 million incremental dollars (if implementation concludes in 1999).

## The Importance of Maintaining an Integrated Approach

There are two dimensions of this study, in particular, that distinguish it from previous work associated with the division of Canada's north.

- 1. This study deals explicitly with the organization design challenges created by seeking to operate a regionalized form of government which maximizes use of the skills of local residents, and has the capacity to become even more regionalized as the needs and preferences of the residents of Nunavut evolve.
- 2. This study addresses the logistics and costs of the transition process more explicitly than previous work. The process identified, and for which cost estimates are provided, indicates the complexities involved in separating a single functioning government into two discreet governments while maintaining services at acceptable levels of quality and cost.



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Estimating the costs of operating the new government structure and the transition process revealed the extent to which an integrated response will be needed. As costs were estimated in one arena it became clear the "drivers" were linked to other parts of the overall solution. Community infrastructure costs are driven by the amount of in-migration, which is itself driven by the speed of transition and training and the stages at which certain services are brought within the direct delivery responsibilities of the new government. The capital needs for government itself are driven by the number of persons involved, and the timing of their arrival, which is driven by the transition plan, in particular the timing of assumption of direct service delivery for major programs.

These kinds of linkages created tremendous challenges for the study team. A change in any significant element invariably had a ripple effect throughout the costing framework. These same challenges will exist for the Nunavut Implementation Commission and those who support its efforts to manage the transition to start-up in 1999. Changes in objectives, assumptions, transition timing or organization structure will have an immediate impact on cost. Determining the nature and extent of the cost impacts of changes will require constant attention.

This work has focused on estimating the costs of creating and operating the Government of Nunavut. As Chapter one indicated, the cost impact on the GNWT could not be estimated for a number of reasons. It is extremely important to remember the process of creating Nunavut has major implications for the GNWT. Also, as Exhibit 1 indicated, the costs associated with Federal Government Programs and the settlement of Land Claims have not been estimated in this work. A complete picture of total incremental costs associated with the creation and operation of the new government must account for these other costs.

A complete picture will not emerge until the implementation costs of the TFN Land Claim are fully known. The overall incremental cost

of operating the Government of Nunavut will also be further refined as the Nunavut Implementation Commission completes its detailed planning work.

Much attention has been given to the importance of a regionally based government. As Exhibit 4 indicates, significant costs are incurred in delivering currently operating regional services. The mandate for this study did not encompass review or evaluation of these services, but clearly the relationship between these services and the new regional structure of the Government of Nunavut will need to be examined as the transition process These operations represent a unfolds. significant part of the overall cost of operating the new government. As well, the skills and experience of those currently delivering these services represents a major opportunity for organization development for the new government. Within this workforce are many of those who will lead the service delivery effort for the Government of Nunavut. It is vital that the long range human resource development strategies needed to make limited in-migration a reality begin immediately, and remain a carefully monitored component of the overall transition plan.

#### **ECONOMIC IMPACT**

The economic impacts result from capital expenditures throughout the lengthened transition period (i.e. government facilities plus community infrastructure) and annual incremental spending after full operations are established (i.e. 84.6 million dollars per year after 2008) spending in Nunavut. The impacts were calculated using the GNWT Bureau of Statistics' Closed Input-Output Model. (The open model includes indirect spending, meaning spending that the government's suppliers incur; the closed model, which was used for this analysis, includes induced spending, meaning spending at the consumer level.) The default multiplier and intensity values were used for both the open and closed



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models, and anticipated government spending was converted into commodities and industries currently found in Iqaluit.

Exhibit 6 illustrates the economic impact in terms of employment opportunities, gross domestic product, and gross spending. Capital construction expenditures occurring throughout the entire transition period (1992-2008) will generate 1,135 employment opportunities, spending will exceed 411 million dollars, and the gross domestic product for Nunavut will approach 117 million dollars. Once the government is fully operational (after 2008), incremental spending will generate 622 employment opportunities, spending will exceed 146 million dollars, and the gross domestic product for Nunavut will approach 33 million dollars.

Three aspects of the employment opportunities are worth special mention:

- 1. Figures shown may not mean an equivalent number of jobs. Some of the opportunities will be filled by people not fully employed in the existing labour pool.
- 2. Employment opportunities created from capital construction will disappear once construction is completed.
- 3. Employment opportunities created as a result of incremental spending after full operations have been established are one-time opportunities (i.e. 622 opportunities will be created in 2009, zero in 2010, zero in 2011, and so on, unless the government's spending pattern increases even further.



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ቼሚያል፣ታህታት ፭ዋ\*ርያለ፡∟ሂና ላጋታና △ጥናልቦታላ፣ርህበህና ላጋታና ሪዘበበጐ∟ና ርሞና/ያሰበህና ላናህህበህና, ላ፡∟ኌ ር፡∟△ር ለልቦሂፈ፣ርጥና ዕለ፡∟ ቴያንጓናታያና, ቴሚፌሊያታላ፣ታህ ላንስጥቴጓጎርህ የያልቦጋታያት ቴጔ△፫ልያታላ፣ [ፌያፈ፡୮ ቴያን፡፲ጵያቸውን, ያላጋታና ላጋ፣ርያቦላቴናጋና ላናህ፡ጔና ናናታላታላ፣ታ፤. ር፡∟△ር △ለ፡∟ቦጋቦና ለታናረ፫ላታላ፣ታህቷና ቴዲያታላ፣ታህ ይ፡∟ቦንያልቦታላ፣ርጥና ላጋታና ቴ፡∟ቦንያልንጓጥና በየበጋቦና ላልነጋ፣/፡∟ሂና , የሃላታ, ር∆፡∟ፌ ለታና/፡∟ንሊላቴጥጋና ያቴያበቦንያፈያናታቸበህና.

# 18-10-4 1-- 4092 1992 18-01 1892 - 494000 00 245 6411708-4611105 6454 (1000) - 800105.

ር ታ ፈ ልጥና የ ተወጋፊ ልና የተልናነናር አል ተመመ የ ተልናነና የተልናነት የ ተልናነት የ ተ

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# 1993 - 1993 APDU AMAR 1993 -

CALLALIGNIJ BILLIFOR DODISCOPTE, DUCLE SDEELJAITHUC. OFLINE PPRINCIPLE CONTOURNED OFFICE PARTICIONED OF Andiante action of citacincol practions  $\triangle$   $\leq$   $\text{YP}^c$  YP  $\text{$ CDDLGGICN, GILD DIPAR GILD PODALAS ARISCOGNO ኔ-L ቦን ቦው ባናጋውና. ላይ ቦስ ባናጋና ላፊታና ለንታች  $\Delta$ ለ-L ቦጋህ የው $\Delta$ ራ ቦው ባናታና C-LdNJag. C-Lpgas DgArnnso sage sared beldgrog,  $\Delta$ /LL\*\ $^1$ PPCD $^2$ O $^3$ CD  $\wedge$ O $^4$ CD $^4$  $\Lambda$  > D >  $\Lambda$  <  $\Lambda$  < VYULTED AGE TIPLE VGAERIE VALENTE VEDAL  $\Lambda$   $\mathcal{C}$   $\mathcal{C$ 

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<ናሒሷናለታቱ ΔΕΚ«ΥΡΟΦ«•)ና ፚቴውሃዕቼዉዮና ላ\*ለትናሚናልቴናፎና ΔΕΦΞበ\*</p>

- (i)  $\frac{1}{2} \frac{1}{2} \frac{1}{2}$
- (111)  $\frac{1}{2}$   $\frac{1}{2}$

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# 18-10-4 3 - 1090 1994 NPS 1010 1099 - 10-10-10-4 10-10

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ለሚፈልና ቴውልራንናልንተ ለልፈፈንታላናንና ርንሚ ጠየበጋሀ (Cdu Cdንግና 3), ለተበየጋሀ "ወንፈበፈሊንልንታላናጋኝ", ንታቴስሳናተነሁት የናፈንተነሁት የምንርንኖታዕት ለኖታዕትተር 2 ቴካኒስንንህጋሀ, ሳተኝነውና የውልታንናልንኖታዕትውና ሳልንርንታካህጋታ አንታሪካጋታ ለኖታሳፊኝምና.

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Depute in  $\nabla \Phi_{\alpha}$ qiboCDadiDe Fepaulo (esolitita) qiboCDArFfa, Coa Voedagra 2. 4"L3 PD4CD4" N5D4" 4N"14"(-41)31" (\$a. "ba) 4a. D65515 Bade 342 24326 DP0 1997, 4-62 De36 ۱۹۶۸ د ۱۹۶۱ م مهم برسر ۱۹۶۸ و ۱۹۹۸ د ۱۹۹۸ هر ۱۹۹۸ مرم ۱۹۵۸ مرم ۱۹۵۸ مرم ۱۹۵۸ مرم ۱۹۵۸ مرم ۱۹۵۸ مرم ۱۹۸۸ مرم ۱ CALL DICONSTANTS PODALAS STATISTES, APSINES ביבריסלשב שבישהלי שמינייר ליף כסטשרי.

### 1999 NPSU 2004 647118c-100 OLLS BILLIPPE JOPESCOOTS

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7-54-40-40-40-5 AMSR-4845046 ABOCD1-F46 ADENOSIS Dobbbargare Autane: (i) Obernears; (ii) Acorson,  $\Delta$ - $\Theta$ /°, QYY $\Delta$ ° AE+D+ $\Delta$ GYD° QFL $\rightarrow$  DPD°CYDFF AC-QF; QFL $\rightarrow$ (iii) \$\dodo\denote \quad \qu

ADCELLUTIONS PHELTER'S CARPIL ADICDELLUTORS OF LELLING AFF ۱۹۳۲، موند ما مور م LCLDYLSYPILE ACIDINAL ADCKO ACCRES Labasings. DΔJ D 49074690 600 CDD2046C000 490CD04516 4465 47.CD-4.2.L. P44UU4Pf144.3.D. T-C.D-4.2.L.D-4.2.CD

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1.  $\frac{1}{4}$   $\frac$ 

#### 2. Allertaardersa

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## 4. Leunus የምንርቅተይታህር ለስላ፣ልቦታጥና

CCC GPP OF CD4% OFF CF LCLDIF CDD  $\alpha$  OFF CDC  $\alpha$  CLL  $\alpha$  CCC  $\alpha$  CPP of CPD  $\alpha$  CPP of CPD of

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 $C\Delta^{L}La$   $D\sigma^{0}b\Delta^{0}La^{1}$   $dbD\sigma^{1}D^{0}$   $b^{L}L^{1}D^{0}$   $CD^{1}La$   $dCD^{1}La$   $dCD^{1}La$ 

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Եበታቦና Δሜፈ∆ኑ፣በካካልና ላጋ፣ርፆኑ፣₽ላሜ፣ጋና ላፆፈርፆታላዜና ሀኖ∟ፆላማ ፈ\_ፆር፣ርፆታት ተና ፆውናታላናታዋታ 1,636 Δሜፈ∆ኑነሱና ላፆታ፣ርፆኖላታጥር ላናሀምና, ታሪክቦፈሀ ፈታላጋ∆ፈቅ ላጋ፣ርፆሁ ታላ፣ሩና ታታ፣ሩታላታላ፣ጋች 706 ላማበታፆታላም ላፆታ፣ርፆጵላ ታምር ላናሀምና, ላቅሬንል ፈላማና ቴሒርቴናል ካላምና ላጋ፣ርፆትሊላቴናጋና ታታ፣ታት ምጋች 706 Δሜፈ Δኑነሱና ላፆታ፣ርፆጵላ ታምር ላናሀምና, ላግ ተማለፈ አካምና ቴሒርቴናል ካላምና ላጋ፣ርፆትሊላቴናጋና, ፆው፣ትዮላፆቷናታበት, 930 – ህዛና Δሜፈ Δኑነበውና ላይታናርፆጵላ ታምር ላናሀምና.

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(4Ct C3564Dt: E-1, E-4, E-8, E-13, F-2, 44L3 F-4).

ጋጎሮ ነው ርዕንነሪናን የተመቀር ተቀንተው የተገባነው ጋየለናው ነው  $\Delta$ ነሪ የተገባነው ለመተገባነው ለመተገ

የተሻቀተ ሻርቲ፣ ላቲሷናት△ቀና፲፣ ሳየጭ፣ ጋቅተሻው፣ ርዕጋጢታላ፣ርጓኒው፣ △ተልዕተዛኒዎች ውሲቴስሶትጋታ፣ ሷቴው△ታናበርናታንዮው፣ 177-ታት ዕቴዕስሶስላኒታት ሳተርታንና

(4C4 Cd5\*5\*; F-5).

STUCLES SPYC SPECKCINDIC

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#### **441CrF#** ቅጥያትላር

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(4C4 Cd5 55 E-1, E-20, F-2 4L F-4).

#### 3240 VC 45

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C+Ld( qpe 4pq+5) produce rescending of qquyer,  $C\Delta^{+}La$  Lel "habbeed q is the constraint of the constraint of

- 35 -4/ ዓንርያቄ ሳየጋሲሳንርያፈንናንና ሃንታሳህና ሳይፈፈሊዮታሳኝነበውህ ሳናህነር 2008

 $\Delta$ շቦኑ Dn J (CD  $^{1}$  )  $\sigma$  (PP  $\sigma$  (CN  $\sigma$  , LCL  $\sigma$  (PC  $^{1}$   $\sigma$  (S) (PC  $\sigma$  (D)  $\sigma$  (PC  $\sigma$  (S)  $\sigma$  (S

 $\Delta$ -rypy= c>- an=y+l+l+nt ap== ap== ap== al-an== al-a

(네근국대 근심당하다고대 E-9, E10, E-11, E-12, E-18, E-19; E-1, E-2, E-3, E-15, E-16, E-17; F-2 석타고 F-3).

 $\text{QLLCD}^{\bullet}$   $\Delta \in \text{D4}^{\circ}$   $\text{QP}^{\bullet}$   $\text{QC4}^{\circ}$   $\text{GC4}^{\circ}$   $\text{GV} \cap \text{PD} = \text{QC5}^{\circ}$ ,  $\Delta \in \text{LCD}^{\bullet}$   $\text{QD} \in \text{QCD}^{\circ}$   $\text{QD} \in \text{QCD}^{\circ}$   $\text{QCD} = \text{QCD}^{\circ}$   $\text{QCD}^{\circ}$   $\text{QCD}^{\circ}$ 

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ATOPIC CLESS SEACHS STATE BOLLASSAS ARSTAGE SSUFF 1999 CLEDOS ALODALA SOCIODIA TECNO LES SEACHDANS ALODALA BOLLASSAS ALOSALAS BLESSOLIAS.

(4C4° Cd5\*4°: F-2, F-4, E-13).

451-15 4P-5CD>~455-45)5 4P-~455-565)25 4P-~455-565)25

ላናታር ላጋ፣ርኦሮን ታላ፣ጋና ታቴኦንኦሮኒበት Δስናልፈናጋስት ላይፈፈፈረቴ፣በጋህ ሳምትርኦቴ፣በጋቦና (ትጌ 2008) በዮንቱ \$64.6 ፒትሬሳት. ላዮትና ርፊካኒኦላና ርንፈ ፖርትርኦንኒር:

1 APTE  $\sqrt{C4^c}$  ac  $\sqrt{C4^c}$  brilton  $\sqrt{C4^c}$  core  $\sqrt{C4^c}$  brilton  $\sqrt{C4^c}$  br

(4C+ Cd+++: E-1, E-2, E-3, E-13, F-1, F-2, F-3 4+L = F-4).

2. APME OCHE OCOE Laboration AGO Abonas -

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Chiddyse dere de cosis de la chileresis belodes belodes belodes della actordes de constantes de con

(4Ct Cd545; E-9, E-10, E-11, E-12, E-18, E-19, F-2, F-4).

(4C4° Cd5%4°: E-1, E-4, E-13, F-2, F-4).

(₫C₹° C₫₺₱₭°: **E-13**).

### ントクイイグ

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CALL CUSING 4 CUMPLS, OGUCILIS PUDALAS OFLIS PLOSAS CALLS PLOSAS COFLES POPOSOS AGADISTRIS AND SOS COFLES ON DISTRIBUTE AND SOS COFLES ON DISTRIBUTE AND SOS COFLES ON DISTRIBUTE AND SOS COFT OF A CONTROL OF A CON

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GCD245  $\rightarrow$  GPP  $\rightarrow$  GYPP  $\rightarrow$  GPP  $\rightarrow$  G

ርժካከበባነጋት ባትቦችዎችና ለተናረተባበጋህ ቴፊት ባላቃከበቦታላናታቴታት ሳትበቦታቴታት ቅፈንታልና ባጋነርቦታናዋላቴነጋና ባለችነው ባቦጋነታላናተፈና ባቦታላናር የሰፊው ባላታቴታ 1992 በቦጋህ 2008, ባላታቴታ ላናህልናር 17. ሁኖሬታ የፈንታታ ባጋነታላናን ኮቴሬውና ባርኮላናፊታ ባቦታላናነበጋቦና, ፈቦጋልፈት \$520 የተተልሞየና (ቴላተበበኖተባታት ርተካናታላናና በቦጋህ 2008) ከቦጋህ \$911 የተተልሞ የፈንታልና (ቴላተበበኖተባታት ለታኢናታላናና ባናህተር 1999).

### ገርት ልላተልት ላቀትጋው ነው ነላል የተለው ነላርት ነው ነርው

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