



OFFICE of the PREMIER

NOV 28 1996

ROY ERASMUS, MLA
CHAIRMAN
STANDING COMMITTEE ON OPERATIONS

TABLED DOCUMENT NO. 13-13(4) TABLED ON NOV 29 1996

Amalgamation of Infrastructure Department

At the last Session of the Legislative Assembly, Members passed a motion requesting that "the Executive Council provide to the Standing Committee a Discussion Paper on the proposal to amalgamate the NWT Housing Corporation, Public Works and Services and the Department of Transportation. And further that the Executive Council not proceed with the amalgamation until a Sessional Discussion Paper on the proposed amalgamation is tabled and approved in the Legislative Assembly".

A great deal of work has been done on this issue since the last Session and I am pleased to attach the Discussion Paper which was requested. The Paper includes a workplan outlining all of the steps that will be involved in the amalgamation exercise. You will note that the workplan calls for extensive consultation as part of the amalgamation process to ensure that all stakeholders have the opportunity to contribute to the mandate for the new organization. This Paper is one of several documents that will be widely distributed during the amalgamation process.

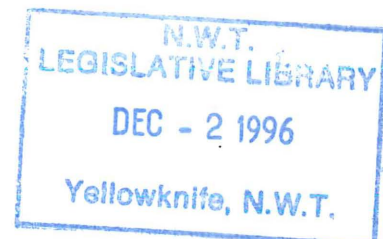
If you wish, the Honourable Goo Arlooktoo, Minister responsible for the amalgamation will make himself available to your Committee to answer any questions you may have. As I mentioned when I announced the decision to amalgamate these organizations, this is the last major consolidation of Departments prior to Division. It is important to have our organizational plans completed and implemented by April 1, 1997 to facilitate planning for Division and to respond the employees' concerns for information and timely decisions.

Don Morin
Premier

Attachment

- cc: Jeff Gilmour, Secretary to Cabinet
- Edward Picco, MLA, Chairman, Standing Committee on Infrastructure
- David Krutko, MLA, Chairman, Standing Committee on Resource & Development
- Tommy Enuaraq, MLA, Chairman, Standing Committee on Social Programs

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INTRODUCTION

The Territorial Government is learning how to do more with less. Its role is changing and it is finding better ways to use its remaining resources. Combining the Departments of Public Works and Services, Transportation and the NWT Housing Corporation is one way the Territorial Government proposes to make the most of what it has.

The idea to amalgamate these three organizations has been discussed as a way to eliminate some obvious areas of overlap and duplication. Developing one organization to manage infrastructure, something that all three organizations do, may make sense. Amalgamating these organizations seems like a good idea for several other reasons which are described in this paper.

This discussion paper is part of a plan to ensure communication and consultation with stakeholders in the private sector and the Government as the new organization is designed.

WHY IS AN INFRASTRUCTURE SERVICES ORGANIZATION A GOOD IDEA?

One infrastructure services organization fulfills the Legislative Assembly's goal to produce a more efficient and effective government structure. It will reduce overlap and improve efficiency, strengthen the organizations that have been downsized and save money.

Why these three organizations? They manage the construction, operation and maintenance of community and territorial infrastructure including schools, airports, housing and highways. They all have technical staff such as project officers, engineers and architects who manage design and construction.

Duplication of effort can be reduced by making more effective use of employee resources. For example, each organization presently has its own financial, administrative, personnel, and policy groups. Each organization manages their own contracting support services and tendering functions. There are probably also opportunities for consolidation in the technical services groups which provide project management services.

This is also a good time to strengthen the organizations by pooling resources. Public Works and Services has downsized from 700 to 400 employees in the past few years. The Housing Corporation has downsized significantly too. Transportation has taken on new functions, such as the transfer of airports, while operating within strict financial restraint guidelines.

Current Responsibilities

Transportation	<ul style="list-style-type: none">• plan, design, build, operate and maintain airports, highways, ferries and marine facilities• regulate the operation of motor vehicles
Public Works and Services	<ul style="list-style-type: none">• plan, design, build, operate and maintain GNWT buildings and works• manage owned and leased office space• manage the storage, retrieval and disposition of GNWT records• manage the purchase, transportation, storage and resale of petroleum products in communities not served by private suppliers• manage the operation and development of main-frame computer systems and services
NWT Housing Corporation	<ul style="list-style-type: none">• manage home ownership program• manage subsidized rental program• plan, design, build operate and maintain housing

One infrastructure organization will set the stage for 1999.

The new organization will be designed to prepare for division of the Territories by having efficient new headquarters operations in place both in the East and in the West well in advance of 1999.

One infrastructure organization will support the Community Empowerment Initiative

It will be easier for communities that take on responsibilities for infrastructure to get technical support and training from one organization.

WHAT WILL CHANGE WITH AMALGAMATION ?

Amalgamating these three organizations means more than just putting them together to make one big organization. A new organization with a new structure, a new mandate, and new goals will be established - a new organization that will be more efficient and effective than the three we have now. These objectives will guide the new organization:

- support communities which take on increased infrastructure responsibilities
- deliver cost-effective territorial services
- delayer management
- empower staff
- monitor and evaluate results

Amalgamation also means taking a look at the types of services presently provided and deciding what services should be provided in the future. For instance, right now the Housing Corporation manages both social housing policy and housing infrastructure activities. Will social housing policy fit into a new infrastructure services organization or should that function be transferred to a department with a larger role in managing social programs? Consideration has been given to such a transfer. Major changes to program structures would have to be made if it goes to a new organization. This change needs to be evaluated in light of the possible need to split the program again in 1999, which depends on the organizational structure chosen for Nunavut.

Programs from other departments may fit better in the new organization too. For example, the inspection functions of the Department of Safety and Public Services could fit in the new infrastructure organization. This includes electrical, boiler, gas and elevator inspections. A review of these services will be undertaken with other government departments.

We are also discussing how to best unite two departments and a corporation. The best structure for the new organization may be the creation of a corporation within a department. The corporation would have no employees; it would simply be a financial shell within the department to accommodate the financial and asset management requirements for the housing programs which are jointly shared with the federal government (Central Mortgage and Housing Corporation).

**Resources
(97/98 fiscal year)**

Organization	Number of Employees	Budget O&M and Capital
Transportation	325	\$85 million
Public Works and Services	360	\$86 million
NWT Housing Corporation	130	\$179 million

The alternative - converting existing departments into a corporation - may not be realistic. Legislation would need to be amended. The corporate and financial administrative systems of two major organizations would have to be converted into a unified system.

We are now reviewing these issues so we can start the re-organization.

WHAT IMPORTANT ISSUES FACE THE NEW ORGANIZATION?

- **Establishment of two new Territories in 1999**

The biggest change for all government organizations in the NWT is the establishment of the Nunavut Territorial Government and the Western Territorial Government. For most departments, that means planning and establishing new headquarters organizations in Nunavut and changing the responsibilities of the Yellowknife-based headquarters.

Right now, each organization has a Division Plan and an Inuit Employment Plan. The Nunavut Implementation Commission has recently released its updated Footprints 2 report. To reduce the amount of re-organization that may be required in the future, a new GNWT organization should take into consideration the changes expected by 1999 and should prepare for Division.

- **Community Empowerment**

The Community Empowerment Initiative, developed to give communities greater control over local programs, is a priority for all GNWT departments. Many of the programs and services of the three organizations are being changed by this initiative. For example, many communities are already managing the operation and maintenance of community buildings and are interested in taking over the design and construction functions for capital projects. This means that the new organization will change from being directly responsible for infrastructure construction and maintenance to an organization that provides technical support and training to NWT community administrators. It will change from awarding and managing contracts to providing advice and support for contract issues; from setting detailed standards to identifying minimum standards and assisting with evaluation exercises.

Having one infrastructure services organization should make it easier to develop community transfer plans.

- **Other initiatives**

The Petroleum Products and Systems & Communications Divisions of Public Works & Services are being considered for privatization in 1997. The outcome of these exercises will influence the organizational design. As well, the partners in re-organization need to assess whether there are other components of the existing organizations whose functions could be more efficiently provided through the private sector. Many initiatives that are currently underway will continue to be implemented by the new organization. These include: User Pay/User Say, CMHC negotiations, and relationships with the federal government for transportation planning.

What could the new organization do?

Technical Services Related to Infrastructure

Work with Communities to:

- plan, design, build, operate and maintain rental housing
- plan, design, build, operate and maintain GNWT buildings and works
- plan, design, build, operate and maintain airports, highways, ferries, and marine facilities
- manage owned and leased office space
- manage home ownership and rental housing programs

Safety Services

- regulate the operation of motor vehicles
- ensure compliance with safety standards for electrical, gas/boiler and elevator systems
- provide aviation safety services

Other Services

- manage the storage, retrieval and disposition of GNWT records
- manage the purchase, transportation, storage and resale of petroleum products in communities not served by private suppliers
- manage the operation and development of main-frame computer systems and services

ARE THERE ISSUES THAT CONCERN YOU?

You may have some concerns you wish to express. Your involvement is important and can strengthen the design of the new organization.

Community governments, aboriginal organizations, employees and northern companies can play an important part in forming the new organization. The advice, opinions and needs of these groups are an essential part of setting the priorities and goals of the organization. Over the next few months, several discussion papers, like this one, will be distributed to MLAs and the public to keep people up-to-date and to encourage feedback.

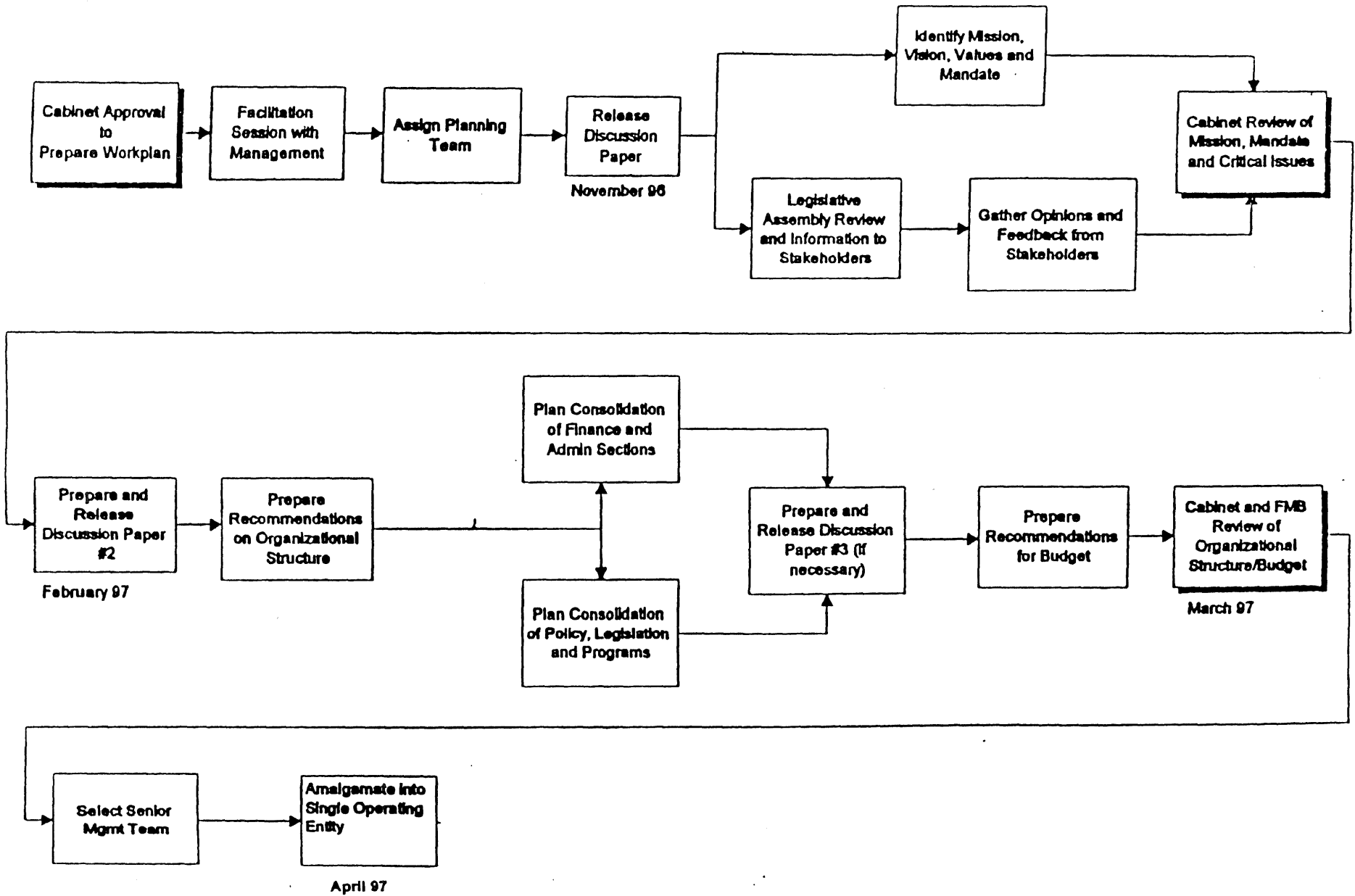
You may contact the Minister or Deputy Minister in charge of amalgamation. The Minister and his Deputy Minister can provide information on the amalgamation and listen to your suggestions for change.

HOW ARE WE PREPARING FOR AMALGAMATION?

We are:

- reviewing critical issues
- beginning communications and consultation activities
- developing a vision of our role as service providers
- identifying a purpose that reflects the changing social, political and economic situation of the NWT
- designing the new organization to be more efficient, ready for new challenges, and focussed on results

The workplan on the next page shows you all the stages of the project. The target date for amalgamation is April 1, 1997.



Work Plan

WHO IS ORGANIZING THE AMALGAMATION?

Many people will work together to build this new organization. The people in charge are:

- Hon. Goo Arlooktoo,
Minister overseeing amalgamation
- Joe Handley,
Deputy Minister responsible for amalgamation

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