

# 13<sup>th</sup> Assembly

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Standing Committee on Resource Management  
and Development

Report on the 1998/99 Main Estimates

David Krutko, M.L.A.,  
Chair



Standing Committee on Resource Management and Development  
January 23, 1998

THE HONOURABLE SAM GARGAN, M.L.A.  
SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker,

Your Standing Committee on Resource Management and Development has the honour of presenting its Report on the 1998/99 Main Estimates for the Departments of Resources, Wildlife and Economic Development and Transportation, and commends it to the House.



David Krutko, M.L.A.  
Chair





## **Members of the Standing Committee on Resource Management and Development**

David Krutko  
M.L.A. Mackenzie Delta  
Chair

Kevin O'Brien  
M.L.A. Kivallivik  
Deputy Chair

Mark Evaloarjuk  
M.L.A. Amittuq

Jake Ootes  
M.L.A. Yellowknife Center

James Rabesca  
M.L.A. North Slave

### **Alternate Members**

Tommy Enuaraq  
M.L.A. Baffin Central

Roy Erasmus  
M.L.A. Yellowknife North

Edward Picco  
M.L.A. Iqaluit

### **Staff Members**

David Inch  
Committee Clerk

Candy Townend  
Committee Researcher

## **Witnesses**

### **Department of Resources, Wildlife and Economic Development**

**The Honourable Stephen Kakfwi, Minister**

**Lynda Sorensen, Executive Assistant**

**Joseph Handley, Deputy Minister**

**Bob McLeod, Assistant Deputy Minister**

**Terry Foster, Policy Advisor**

**Katherine Trumper, Assistant Deputy Minister, Nunavut**

**Doug Doan, Executive Director, Resources and Economic Development**

**Jim Kennedy, Director, Finance and Administration**

**Marge Loupret, FMB Analyst**

### **Department of Transportation**

**The Honourable James Antoine, Minister**

**Bruce Rattray, Assistant Deputy Minister**

**Jason Brown, Assistant Deputy Minister, Nunavut**

**Raj Downe, Director, Finance and Administration**

# **Standing Committee on Resource Management and Development**

## **Report on the Review of the 1998/99 Main Estimates**

### **Introduction**

The 1998/99 Main Estimates form the final budget for this Government. The Standing Committee on Resource Management and Development reviewed the draft 1998/99 Main Estimates for the Departments of Transportation and Resources, Wildlife and Economic Development.

For the upcoming 1998/99 fiscal year, a total increase of more than \$4.5 million is proposed. Committee Members noted that most of the proposed increases were in operations and maintenance expenditures.

This Committee has dealt with severe budget reductions to departments within the Resource Management and Development envelope during the last few years, and Members now feel that there should be a Government focus on supporting and promoting programs in this envelope. Such a focus could be expected to benefit other departments and the Northwest Territories as a whole in the future, and is sorely needed. Committee Members are aware, for example, that there was a loss of approximately 900 construction jobs in the Northwest Territories during the past year. These losses have serious consequences for our people and our Government; there is an increased dependency on social programs, existing infrastructure is deteriorating and there is a severe shortfall in the infrastructure development that is needed to support northern business. The Committee feels that more emphasis should be placed on programs and services within this envelope to promote economic and infrastructure development.

During its review of the Main Estimates, the Standing Committee requested additional information on some matters from the departments within this envelope. The issues for which the Committee requires more information have been communicated to the appropriate Minister, or are referenced in this report.

The Committee appreciates the assistance of the departments within the Resource Management and Development envelope during our review, especially given the time constraints and requests involved in this process.

## **Transportation**

For the upcoming year, the Department of Transportation outlined a total proposed budget of \$86 million (\$56 million in operations and maintenance and \$30 million in capital expenditures). This equals a total budget decrease of \$28,000 (in capital) from 1997/98. In addition, the Department plans to cut two positions, reducing from 330 to 328 positions.

The Standing Committee expressed concern about the number of pilot projects within the Department. The Committee is concerned about the additional costs these projects will incur, such as the expenses involved to start a pilot project, and questions where the Department will find available funds to carry out the necessary negotiations with communities.

Committee Members would like to review any new pilot project that the Department may initiate in the future.

### **Keewatin Marine Resupply Strategy**

The Keewatin Marine Resupply Strategy remains a concern. The Government announced recently that this controversial strategy will be delayed for the life of this Government. The Committee supports this decision but does not agree with some of the actions of the Department before the decision was made. Committee Members are of the view that the Government did not comply with the spirit and intent of the recommendations of the Keewatin Marine Resupply Steering Committee.

When the Government released the statement of its intention to delay the Keewatin Marine Resupply Strategy, Committee Members felt statements made about the substantial cost savings were unfair and did not represent a balanced account of the facts. No substantiation was provided as an explanation of these cost savings. Members were concerned about the Government's paternalistic attitude in the distribution of this information.

### **NAV Canada**

The Committee Members noted that NAV Canada has increased its rates, which will affect northern airlines' costs, and invariably be passed to the consumer. Members expressed concern about these increases to airline costs and their effect on the residents of the NWT. The Members requested to be kept up to date on any further fee schedule changes that may occur.



The Standing Committee is also concerned about the air navigation services this private company provides. Unlike our southern counterparts, local flight services are not an alternative to other transportation services; they are essential. The Committee wants assurance that the safety of the pilots and passengers are not compromised.

### **Joint Ventures**

Department officials emphasized the lack of funding available to build new infrastructure and explained that they are exploring options with the private sector to determine the interest level for joint ventures. Members welcome the idea of joint ventures but emphasize that where a joint venture is approved in relation to transportation, the Minister of Transportation must maintain clear authority.

### **Privatization of Motor Vehicles**

The privatization of the Motor Vehicles division has resulted in an increased cost to obtain a licence. The increase arises from service charges and the goods and services tax. **Members want the government to ensure the privatization of services will not mean an increased cost to consumers for obtaining these services.** Members noted the danger that the increased charges ensuing from the privatization of the Motor Vehicles division may set an unwelcome precedent for other privatization initiatives.

### **Airports**

Committee Members were concerned about the transfer of airports in the Keewatin region, and were advised that the transfer of airports in the Keewatin region is a pilot project. Members are interested in the outcome of this community empowerment initiative and look forward to determining its results.

### **Outstanding Issues/Information Requests**

The Standing Committee notes that the Department has provided responses to all information requests outstanding at the conclusion of the Committee review.

## **Resources, Wildlife and Economic Development**

The Department of Resources, Wildlife and Economic Development's 1998/99 budget is \$100 million (\$96 million in operations and maintenance and \$4 million in capital expenditures), an increase of \$4.6 million from 1997/98. There are 550 positions in total for 1998/99. This is an increase of 10 positions from 1997/98.

### **Community Economic Development**

Committee Members are concerned that the enthusiasm behind the Community Economic Development initiative may soon fade. Members would like to see this initiative continue and emphasize that it should remain a priority and responsibility of this Department.

Members would like to see this initiative be properly monitored in each region and a reporting mechanism be developed to ensure a fair distribution of funds. The Department has agreed to provide quarterly reports to the Committee.

### **NWT Development Corporation**

The Department would like the NWT Development Corporation's portfolio to be enhanced by promoting its role in the development of the economy in Level 2 and 3 communities. In order for this to happen, the Financial Management Board Secretariat approved a 'one time' contribution of \$1,200,000 to the NWT Development Corporation. The Department agreed to provide an update on the Corporation's subsidiaries to the Committee.

### **Wildlife Act**

The Standing Committee wants to ensure there are no major changes to the *Wildlife Act* before Division with the exception of the amendments with respect to the Gwich'in and Sahtu Land Claim Agreements. The Department agreed to provide a letter of intent reflecting this assurance.

### **Northern Accord**

The Department plans to revisit the Northern Accord to examine the issue of resource revenue sharing. We support this initiative and encourage the Department to invite interest.

### **Outstanding Issues/Information Requests**

The Standing Committee requested additional information from the Department in a number of areas, most of which has been received. The Committee appreciates receiving the responses to these requests and looks forward to further discussions with the Minister regarding Departmental initiatives.

