



15th Legislative Assembly of the Northwest Territories

Standing Committee on Governance and Economic Development

Report on the 2006-2007
Pre-Budget Review Process

Chair: Mrs. Jane Groenewegen

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Northwest
Territories

Legislative Assembly
Standing Committee on Governance and Economic Development

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SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Governance and Economic Development is pleased to provide its Report on the 2006-2007 Pre-Budget Review Process and commends it to the House.

A handwritten signature in cursive script, reading "Groenewegen".

Jane Groenewegen, MLA
Chairperson

**STANDING COMMITTEE ON
GOVERNANCE AND
ECONOMIC DEVELOPMENT**

**REPORT ON THE 2006-2007
PRE-BUDGET REVIEW PROCESS**

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**Standing Committee on
Governance and Economic Development**

**Report on the 2006-2007
Pre-Budget Review Process**

INTRODUCTION

The Standing Committee on Governance and Economic Development (GED) is pleased to present its report on its 2006-2007 Pre-Budget Review Process. This report covers both the Committee's review of the 2006-2009 Draft Business Plans, which took place in September 2005, and also its review of the 2006-2007 Draft Main Estimates, which took place in January 2006.

The GED envelope includes the Departments of Municipal and Community Affairs, Public Works and Services, Transportation, Industry, Tourism and Investment, and Environment and Natural Resources.

GENERAL COMMENTS

Cost of Living Strategy

As the high cost of living was one of the issues that Members of the Committee heard about during our Pre-Budget consultations, the Committee is supportive of the Premier's initiative to establish a Cost of Living Strategy Committee, composed of Cabinet and Regular Members.

One of the biggest cost drivers is the price of fuel. The increasing costs of energy will affect everyone across the Territories. Some communities will see an increase in fuel between 1-20 cents/ litre because the Government has decided it can no longer average the price of fuel that Public Works and Services delivers.

The Governance and Economic Development Committee, after their review of the 2006-2009 Business Plans, wrote to the Government asking them to establish a concise plan that balances the provision of affordable energy with plans for conservation.

This Committee also commented that the Government should be highly conscientious of its own use of energy and establish itself as a role model for the Northwest Territories. The cost of utilities for some Government facilities such as hospitals is rising dramatically. Every opportunity to demonstrate commitment to controlling energy costs should be taken. For instance, Government vehicles should be turned off and not left to idle, and appliances should be unplugged in vacant public housing units.

The Governance and Economic Development Committee would like to see the Government take the lead in pursuing demonstrable energy savings. The Committee would prefer not to see a huge increase in forced growth cost as a result of energy consumption.

Recommendation

The Governance and Economic Development Committee recommends that the Government design its facilities to be energy efficient and also use their equipment in an energy-efficient manner.

The Governance and Economic Development Committee also recommends the Government develop a program to recognize and reward employees for suggesting ways to save energy.

MUNICIPAL AND COMMUNITY AFFAIRS

General Comments

The Committee then met with the Minister and his officials on Monday, September 26, 2005 to review the Draft Business Plan of the Department of Municipal and Community Affairs.

Members also received a briefing from the Minister of Finance on January 17, 2006 outlining the changes to the budget of the Department of Municipal and Community Affairs since the Committee reviewed the Business Plan in September.

Committee Members made note that the Department is proposing to spend \$110 million in Operations Expenses and \$31 million on Capital Projects in fiscal year 2006-2007.

Committee Members offer the following comment on issues arising out of the review of the 2006-2007 Draft Main Estimates and budget-planning cycle.

MACA - Land Access and Squatters on Commissioner's Land

Building affordable and adequate housing for their residents is a serious challenge for our communities. The inability to expand our communities is jeopardizing our families and our businesses. For instance, the location of the proposed Kam Lake Access road is on disputed land. This is one of the reasons the access road could not be included in the Department of Transportation's

Corridors for Canada II proposal to the Federal Government. The difficulties of obtaining funding for this road may delay construction.

There are several issues complicating land administration. These are: the limited availability of land due to ongoing land claim issues; the lengthy 60-day consultation periods required by interim measures agreements, and finally, small communities simply face too many complicated land administration issues.

People without land tenure are building on Commissioner's land because of the lack of land and affordable housing available to them. With the impact of resource development upon us, the housing situation will become even direr.

The Committee recognizes the efforts of the Department of Municipal and Community Affairs to address the issues of land access and squatters by increasing land administration positions in the regions. We believe, however, that the Department could go even further by taking over all land administration related issues for the Government.

Recommendation

In order to allow territorial businesses to grow and to give residents access to affordable housing, the Governance and Economic Development Committee recommends Municipal and Community Affairs expedite resolution of the access to land issues and also encourage the Federal Government to fulfill their obligations with regards to land administration in the Northwest Territories.

The Governance and Economic Development Committee also recommends that the Department of Municipal and Community Affairs broaden their mandate with regard to land administration and become the Department responsible for all GNWT matters pertaining to land administration.

PUBLIC WORKS AND SERVICES

General Comments

The Committee then met with the Minister and his officials on September 22, 2005 to review the Draft Business Plan of the Department Public Works and Services.

Members also received a briefing from the Minister of Finance on January 17, 2006 outlining the changes to the budget of the Department of Public Works and Services since the Committee reviewed the Business Plan in September.

Committee Members made note that the Department is proposing to spend \$47 million in Operations Expense and \$9.2 million on Capital Projects in fiscal year 2006-2007.

Committee Members offer the following comment on issues arising out of the review of the 2006-2007 Draft Main Estimates and budget-planning cycle.

Consolidation of Information Technology (IT) and Information Systems (IS) Within Public Works and Services

The Governance and Economic Development Committee is always encouraging the Departments within their envelope to realize cost savings and operate as efficiently as possible. For instance, the Governance and Economic Development Committee has been working with Public Works and Services (PWS) over the past year to see where more cost savings could be found by amalgamating all IT and IS staff under their Department.

In the past, the Committee had asked during their review of the Department's 2005-2006 Main Estimates if there was a way to further amalgamate these applications in order to realize further efficiencies and savings. PWS replied that a number of Departments have a large number of complex applications in house. The Informatics Policy Committee, a part of the Knowledge Management Strategy, was trying to come up with the best balance between resources that are dedicated to the Departments and resources that are pooled corporately.

The Committee then noted during their review of the PWS 2006-2009 Business Plan that although TSC and Systems and Communications were amalgamated, there are still department-specific applications and positions that remain decentralized.

The Governance and Economic Development Committee recommended that PWS supply the Committee with information about the IT and IS people who are still employed outside of the Department, what applications these positions are supporting and if there is a plan to migrate these functions to the TSC.

PWS, however, replied that in fact, as per the Knowledge Management Strategy, there are no longer any IT functions outside the TSC and that IS functions should remain decentralized.

The Governance and Economic Development Committee is still of the opinion that further consolidation of IS functions is possible.

Recommendation

The Governance and Economic Development Committee recommends that the Department of Public Works and Services continue to try to pool more resources, such as Information Systems, corporately, within the TSC, in order to realize greater cost savings.

DEPARTMENT OF TRANSPORTATION

General Comments

The Committee then met with the Minister and his officials on Monday, September 26, 2005 to review the Draft Business Plan of the Department of Transportation.

Members also received a briefing from the Minister of Finance on January 17, 2006 outlining the changes to the budget of the Department of Transportation since the Committee reviewed the Business Plan in September.

Committee Members made note that the Department is proposing to spend \$83 million in Operations Expense and \$46 million on Capital Projects in fiscal year 2006-2007.

Committee Members offer the following comments on issues arising out of the review of the 2006-2007 Draft Main Estimates and budget-planning cycle.

Deh Cho Bridge

The Deh Cho bridge is being built through a public-private partnership arrangement between the GNWT and the Deh Cho Bridge Corporation. The Deh Cho Bridge Corporation will raise the capital, design, build, operate and maintain the Deh Cho bridge. The Government of the Northwest Territories will pay the Corporation for the bridge over a 35-year period, largely from toll revenues collected from the traffic crossing the bridge and savings from discontinued ferry operations and winter road construction.

A significant cost increase to construct the bridge could impact and increase the bridge tolls the GNWT has to collect to pay for the bridge. An increase to the tolls may mean communities north of the bridge may have to pay more for goods and services than current prices that are already high due to transportation costs.

In the 2006-2007 Main Estimates, the lease costs for the Deh Cho Bridge are projected to rise from \$57 to \$70 million dollars. The Government says that this

figure still keeps the bridge costs within the permissible toll rate of \$5-6 per tonne. The Committee, however, is concerned about delays to this project. For example, traffic is not expected to roll across the bridge until 2008, three years later than the Department's original projections. Also, there are only two remaining contractors left to bid on the bridge construction and the increasing costs for steel to build the bridge is of a concern.

And finally, the Government has just added greater expense and further complications to the project by taking over the operations of the Fort Providence Ferry and its employees.

Recommendation

The Governance and Economic Development Committee recommends that the Department of Transportation provide Regular Members with a current costing of this project, including but not limited to: the cost for construction of the bridge, an accounting of expenditures under the \$3.5 million loan guarantee, the cost of discontinuing ferry operations, and finally, the cost of returns to the Deh Cho Bridge Corporation on the \$5 million equity they have invested in this project. The Committee also recommends the Department provide Members with a status report on the project.

DEPARTMENT OF INDUSTRY, TOURISM AND INVESTMENT

General Comments

The Committee then met with the Minister and his officials on September 23, 2005 to review the Draft Business Plan of the Department of Industry, Tourism and Investment.

Members also received a briefing from the Minister of Finance on January 17, 2006 outlining the changes to the budget of the Department of Industry, Tourism and Investment since the Committee reviewed the Business Plan in September.

Committee Members made note that the Department is proposing to spend \$38 million in Operations Expense and \$2.7 million on Capital Projects in fiscal year 2006-2007.

Committee Members offer the following comments on issues arising out of the review of the 2006-2007 Draft Main Estimates and budget-planning cycle.

Contract Registry Relocation

The Governance and Economic Development Committee believes that the Contract Registry should be moved out of ITI and placed with FMBS.

The purpose of the Contract Registry is to make available on the Internet contracting opportunities with the GNWT for over \$ 5000 with NWT businesses. The registry also makes it possible to report on tendering activity at year-end.

The Committee notes a number of reasons to support transferring the Contract Registry Program. First, the Secretariat's Establishment Policy clearly states, "the chairman of the Financial Management Board shall have charge of and be responsible for developing financial and contract policies, systems and procedures required in support of government operations". Secondly, the Committee further remarked that the Secretariat's 2006-2009 Business Plan notes that Expenditure and Procurement Management is being considered for delivery through the 'Service Centre' concept. Finally, the Committee points out that a recent report on best practices for public procurement recommends that the FMBS would be the better suited to oversee the contract registry.

Recommendation

The Standing Committee on Governance and Economic Development recommends that Industry Tourism and Investment work with Financial Management Board Secretariat to review the possibility of transferring the Contract Registry to the Financial Management Board Secretariat and report back to the Committee on the positive and negative aspects of such a move within a definite period of time.

Talston Hydro Project

The Government plans to expand the existing Taltson system to supply power to NWT diamond mines.

The Committee is concerned about the growing amount of funds being devoted to this project. ITI came forward with a supplementary appropriation in October 2005 for \$730,000 earmarked for the NWT Energy Corporation's feasibility and environmental studies on the Talston Hydro project. In 2006-2007, ITI is asking for another \$1 million to complete the feasibility studies and environmental baseline work.

As far as the Committee is given to understand, although letters of interest have been obtained from the mines, there are not any confirmed customers and there still may be the outstanding issues of agreement to proceed with the Lutselk'e Band.

Furthermore, the Committee is concerned about the accountability for this project. Formerly headed by the Premier, the responsibility for the NWT Power Corporation has changed and now the money flowing to the Corporation is coming from the Department of Industry, Tourism and Investment.

Recommendation

The Governance and Economic Development Committee recommends that the Government record Talston Hydro Project expenditures in the capital plan to show the amount of money being spent on this project.

The Committee further recommends that before spending any more money on this project, the responsible Department present a business case for this project, including guaranteed customers and total project costs, and confirm who the Minister responsible is for this project .

Interpretive Bison Centre – Chan Lake

During their pre-budget consultations, the Committee heard from members of the public who suggested that the GNWT should provide more resources for product and infrastructure development and marketing.

The Committee discussed the possibility of creating an Interpretive Bison Centre at Chan Lake with the Departments of ITI and ENR during their review of the 2006-2009 Business Plans. The Committee thought this project was not only a great tourist attraction but also a practical solution to some of the issues on that section of road. For instance, the road between Fort Providence and Yellowknife can be a long stretch of road without any services. MACA could locate an emergency phone centre there.

Transportation could also develop a roadside turnout, and the staff at the centre could advise tourists about driving safely in bison country. This recommendation also fits in with ITI's RV site initiative.

Recommendation

The Governance and Economic Development Committee recommends that an Interpretive Bison Centre be established at Chan Lake.

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

General Comments

The Committee then met with the Minister and his officials on September 21, 2005 to review the Draft Business Plan of the Department of Environment and Natural Resources.

Members also received a briefing from the Minister of Finance on January 17, 2006 outlining the changes to the budget of the Department of Environment and Natural Resources since the Committee reviewed the Business Plan in September.

Committee Members made note that the Department is proposing to spend \$55 million in Operations Expense and \$3 million on Capital Projects in fiscal year 2006-2007.

Committee Members offer the following comment on issues arising out of the review of the 2006-2007 Draft Main Estimates and budget-planning cycle.

Keeping Communities Clean

During Committee's review of Environment and Natural Resources' 2006-2009 Business Plan, we noted that our beautiful communities and wilderness are being harmed by an ever-increasing problem of illegal dumping spots that are littering the landscape. The Committee is concerned with illegal dumping around our communities and thinks that some creative solutions will be required to eliminate this problem.

Recommendation:

The Committee on Governance and Economic Development recommended the Departments of MACA and ENR to work together to draft a strategy to help communities and the surrounding areas stay clean, litter free and eliminate illegal dumping.

The Government replied that MACA, through its Infrastructure Acquisition Plan, provides funding to community governments for solid waste disposal sites and they are responsible for enacting and enforcing bylaws to regulate solid waste disposal sites. Environment and Natural Resources offers the Beverage Container Recovery Program in the attempt to reduce waste.

