



15th Legislative Assembly of the Northwest Territories

Standing Committee on Accountability and Oversight

Report on the Review
of the Draft 2005-2006
Main Estimates

Chair: Mr. Kevin Menicoche

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Northwest
Territories

Legislative Assembly

Standing Committee on Accountability and Oversight

FEB 11 2005

SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Accountability and Oversight is pleased to provide its Report on the Review of the Draft 2005-2006 Main Estimates and commends it to the House.

A handwritten signature in black ink, appearing to read "K. Menicoche".

Kevin Menicoche, MLA
Chairperson

**STANDING COMMITTEE ON
ACCOUNTABILITY AND OVERSIGHT
REPORT ON THE REVIEW OF THE DRAFT 2005-2006
MAIN ESTIMATES**

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INTRODUCTION

The Standing Committees of the Legislative Assembly of the Northwest Territories met from January 10-21, 2005 to review the 2005-2006 Draft Main Estimates for each of the departments of the Government of the Northwest Territories.

The mandate of the Standing Committee on Accountability and Oversight includes the overview of the Draft Main Estimates for the Departments of the Executive, the Ministry of Aboriginal Affairs, the Financial Management Board Secretariat and Finance.

The Standing Committee on Accountability and Oversight has also offered opinions and recommendations on issues brought forward by the Standing Committee on Social Programs and the Standing Committee on Governance and Economic Development that are deemed to be of government-wide importance.

GOVERNMENT WIDE ISSUES

Northern Strategy

On December 14, 2004, Prime Minister Paul Martin, together with the Premiers of the three northern territories, announced a framework for the first-ever jointly developed Northern Strategy. The announcement included a commitment for an additional \$120 million dollars of federal funding to be divided equally among the three territories.

During the review of the 2005-2006 Draft Main Estimates, the Standing Committee on Accountability and Oversight had an opportunity to speak with the Premier about the Northern Strategy Initiative and the GNWT's plans for implementation. The Premier advised that over the coming months consultation will take place with NWT leaders, stakeholders, and the Caucus of the Legislative Assembly to confirm pan-territorial and NWT-specific priorities, so as to ensure the final Northern Strategy reflects the views of NWT people.

Members are pleased with the announcement of the Northern Strategy Initiative and the corresponding \$40 million allocation of new federal funding for the NWT. Given the importance of the NWT's economic activities to the national economy, Members are of the opinion that it is time for the Prime Minister to honour his personal commitment that the North receive tangible, positive net benefit from further development of the North's resources. Members point out that NWT economic growth between 1999 and 2003 was 46.2% compared to an overall average of only 12.7% nation-wide during the same period.

When compared to the other territories, the NWT's economic performance is also exceptional. The NWT experienced 10.6% real GDP growth in 2003 while the overall growth rate for Canada was at 1.7%. Over the same period, the GDP for Nunavut and the Yukon was 1.5% and 0.2% respectively. Estimates for 2004 follow similar trends. Given that the high level of economic activity in the NWT far exceeds that of the other two territories, Members were concerned that the specific needs of the NWT will not be met by a strategy intended to address issues of concern to the North as a whole. Members are of the opinion that the Northern Strategy will not meet the needs of the NWT unless the unique economic situation in the NWT is recognized.

Recommendation

The Standing Committee on Accountability and Oversight recommends that the Government of the Northwest Territories take an extremely aggressive and clearly defined stance in negotiations with the federal government to ensure that the federal government acknowledges the particular opportunities and needs that result from the Northwest Territories' strong economy.

Fiscal Responsibility Policy

The GNWT endeavours to maintain a workable fiscal framework that balances cash needs against manageable debt. In so doing, the Department of Finance struggles with the cap set by the federal government on the GNWT's allowable borrowing limit, or, what has been termed 'the debt wall'. The borrowing limit for the GNWT is arbitrarily set at \$300 million by Order in Council of the federal cabinet.

During the review of the 2005-06 Draft Main Estimates, the Standing Committee on Accountability and Oversight noted that revenue forecasts have improved significantly as a result of a number of developments over the last six months, including improvements to the NWT's Formula Financing Agreement, and additional federal funding in the areas of health care, the Northern Strategy, and infrastructure. The new infusion of federal dollars, coupled with Government spending reductions, means that there is now no immediate fear of hitting the debt wall. Nonetheless, Members were pleased to hear that the Government has proactively moved forward with a new Fiscal Responsibility Policy.

The Standing Committee on Accountability and Oversight offers strong support for the government's efforts to advance the new Fiscal Responsibility Policy. The Committee is of the opinion that it is a positive step to move away from the arbitrarily established debt limit set by the federal government and to establish a conservative, easily understood policy that ties debt limits to economic indicators such as the NWT's GDP. Not only is this consistent with practices in other

jurisdictions, but moreover it places responsibility on the GNWT to be accountable for its own debt management. Members are extremely pleased that the new Fiscal Responsibility Policy, should the federal government support it, will enable additional borrowing leverage for the GNWT to make critical capital investments in the coming years.

Territorial Power Subsidy Program

The Territorial Power Subsidy Program (TPSP) assists residential and commercial customers in high cost communities by paying the difference between the Yellowknife power rate and the local rate up to a maximum number of kilowatt-hours per month.

The Standing Committee on Accountability and Oversight was pleased to note that the Government has been looking at changes to the TPSP and that the Financial Management Board has decided to compensate for rate riders in the program. This is intended to alleviate the burden of rising fuel costs in communities dependent upon diesel-generated power.

For 2005-2006 the TPSP is estimated at \$8,307,000, a zero percent increase from the 2004-2005 Main Estimates. According to the Minister this takes into account the estimated \$650,000 increase associated with the decision to absorb rate riders in the TPSP.

Some Members of the Standing Committee were concerned that this may be an overly optimistic projection. The subsidy has increased by nearly 3 million since the 2001-2002 fiscal year, when the subsidy program cost \$5,419,000. Although world oil prices are down from the record highs witnessed last fall, there is no consensus among experts that they will remain at current lower-levels. As long as oil prices remain high and power consumption continues to climb, Members do not foresee a stabilization of the program and are concerned that the government will come back for funding by way of supplementary appropriations.

Some Members were also perplexed at why the government would step in now with this short-term measure when the entire field of GNWT social subsidies and supports (the TPSP is just one of 17 across seven departments) is currently under review.

Members representing communities that are not included in the TPSP (Yellowknife, Hay River, Fort Smith, Rae-/Edzo and Fort Resolution) also asked whether their communities will also be spared when anticipated rate riders come into effect for their power systems sometime in the spring of 2005. The Committee urges the government to clarify that its rate-rider-rescue program will be universally applied to all power customers across the NWT.

Public Service Growth

During the review of the 2005-06 Draft Main Estimates, the Standing Committee on Accountability and Oversight noted that the public service has grown by 20.3 % since 1999.

Members are of the opinion that growth of this kind is something to be monitored very carefully. Not only is the number of positions increasing, upcoming Collective Agreement negotiations may also lead to increased costs. The concern is that the GNWT has finite resources: the more resources allocated to salaries and benefits and other administrative costs, the less available for programs and services.

Members have noted that the plan to divide the Department of Resources, Wildlife and Economic Development includes a total of 17 new full-time positions. The Committee is in support of the plan, but cautions that public service growth cannot go unchecked. If there is growth in one area, there will need to be reductions in another. As the Committee has suggested previously, there are a number of areas where the Committee feels duplication could be eliminated, for instance the proposed consolidation of GNWT Human Resources.

Changes to Accounting and Capital Planning Process

The Standing Committee on Accountability and Oversight agrees with the position brought forward by the Standing Committee on Governance and Economic Development that it is time for the GNWT to review some of its business practices. One example is the inability to carry money forward from one fiscal year to the next, which can lead to imprudent spending at year-end. If each department had greater control over its own expenditures and revenues, it would perhaps lead to greater responsibility in spending and reduce or eliminate the supplementary funding process.

The Standing Committee on Accountability and Oversight also shares the concern with the lack of consistent budget process amongst departments. For example, FMBS has a zero based budgeting practice, while other departments do not and MACA's Capital Plan is presented differently in the Main Estimates. The concern is that an overly complicated process makes it difficult for members of the general public to determine how the government is spending their money. Members of the Standing Committee on Accountability and Oversight would appreciate the opportunity to have more discussions with the Minister with regards to this matter.

Finally, the Standing Committee on Accountability and Oversight would like to see changes to the Corporate Capital Planning (CCP) process to

address: the inadequate representation of the interests of less developed and less populated communities; a process that has the potential to lead to cost overruns on large projects; and the lack of regional representation on the Capital Review Committee.

Youth Employment, Apprenticeship and Training on the Job Programs

Members of the Standing Committee on Accountability and Oversight, in concert with the Standing Committee on Social Programs, are disappointed that the Youth Employment Program, which provided subsidies to employers to hire young people to give them work experience, has been reduced by \$480,000 over what was available in 2004/2005. This means there is only \$300,000 left to subsidize employers willing to give youth work experience.

The Standing Committee on Accountability and Oversight was pleased to see that the Training on the Job (TOJ) and Apprenticeship Training on the Job (ATOJ) were both spared cuts through this latest round of government belt-tightening. It should be noted that these two programs are different in that they actually ensure that a person has marketable skills in a trade or occupation upon completion of a training program. This program provides a subsidy to employers, to hire trainees or apprentices, and recognizes there is a cost to training skilled employees.

With the increased need for trades people and other skilled employees as a result of increased activity in the non-renewable resource sector, the Committee cannot condone or support the erosion of training programs for northerners that can lead to long-term meaningful employment.

Western Arctic Leadership Program

The Standing Committee on Accountability and Oversight supports core funding from the Department of Education, Culture, and Employment for the Western Arctic Leadership Program. The majority of Committee Members believe the program has the potential to provide a valuable outlet for promising students to reach beyond the opportunities available to them by grade extensions in our smaller communities.

Recommendation:

The Standing Committee on Accountability and Oversight recommends that the Department of Education, Culture and Employment undertake a comprehensive review of the Western Arctic Leadership Program to assess the value of the program.

And further, that the results of the review be presented to the Standing Committee on Accountability and Oversight prior to the Committee review of the 2006-2009 Business Plans.

Market Housing Initiative (MHI)

Problems with the Market Housing Initiative were brought forward to the Standing Committee on Accountability and Oversight by the Standing Committee on Social Programs. Members of the Standing Committee on Accountability and Oversight are of the opinion that the Market Housing Initiative has not met its intent. Until such time that the Committee sees information to convince them otherwise, Members are unwilling to support the program. The Standing Committee on Accountability and Oversight will be monitoring the program closely and may have further comments or recommendations, should the government decide to proceed with the second phase.

NWT Courts Building in Yellowknife

Issues surrounding the proposed NWT Courts Building in Yellowknife were brought forward to the Standing Committee on Accountability and Oversight by the Standing Committee on Social Programs. The Standing Committee on Accountability and Oversight supports the position of their counterparts: they too recommend the Department of Justice come up with a solid communication plan, and business case on the need for a new courthouse; so that interested persons can get the information to make the same informed decisions that MLAs are being asked to.

Court Registries in Hay River and Inuvik

During the review of the 2005-2006 Draft Main Estimates, the Standing Committee on Accountability and Oversight was made aware by the Standing Committee on Social Programs, of the planned closures of the Court Registries in Hay River and Inuvik.

Members supported the recommendation that was made by the Standing Committee on Social Programs that both Registries remain open. The major reason to recommend the Inuvik and Hay River Registries remain open had to do with administration of justice in the regions. While it cannot be argued that it would be cheaper to consolidate all justice activities in Yellowknife, Members are prepared to accept that in some cases, there is a cost to getting justice closer to the people.

The Standing Committee on Accountability and Oversight also shares the concern that the construction of a new Courts facility in Yellowknife could lead to consideration of consolidating Court Registries in Yellowknife sometime in the future. The Standing Committee on Accountability and Oversight would oppose any such move.

Remand Unit at the South Mackenzie Correctional Centre

The closure of the Remand Unit at the South Mackenzie Correctional Centre was brought to the attention of the Standing Committee on Accountability and Oversight. Committee Members, like their counterparts in the Standing Committee on Social Programs, have difficulty in accepting the Department's rationale and anticipated cost-savings associated with the closure of the Remand Unit.

During the review of the 2005-2006 Draft Main Estimates, the Standing Committee on Accountability and Oversight supported the recommendation made by the Social Programs Committee to the Department that the funding for the operation of the Remand Unit at the South Mackenzie Correctional Centre in the amount of \$400,000 be reinstated. Unfortunately the Financial Management Board has refused to reconsider its position and the Remand Unit remains targeted for closure.

Fetal Alcohol Spectrum Disorder (FASD)

Members of the Standing Committee on Social Programs approached the Standing Committee on Accountability and Oversight with their concern that the issue of FASD may not have the profile within the Government's Business Plans and Main Estimates that its devastating effects on the North demand.

Committee Members point out that there is good work going on in Departments of Health and Social Services, Education Culture and Employment, Justice, and elsewhere across government and in the non-governmental sector. A significant portion of our budget is spent dealing with the long-term effects of alcohol abuse as it relates to FASD.

The Standing Committee on Accountability and Oversight would like to see a coordinated approach to an increased profile of FASD in the next business planning cycle.

DEPARTMENT OF THE EXECUTIVE

Input into the Expert Panel on Equalization and the Council of the Federation Panel on Fiscal Imbalance

During the review of the 2005-5006 Draft Main Estimates, the Committee had an opportunity to speak with the Premier about the federal initiative to establish an expert panel to look into issues related to equalization payments to provinces, and the proposed sub panel that will consider the financing formulas that govern the flow of federal money to the territories. The Committee was pleased to hear of this initiative and is hopeful this process will lead to an improved financing formula that addresses many of the shortcomings of previous financial arrangements with the federal government.

The Committee was even more pleased to hear of the First Ministers' intentions to establish a corresponding panel, through the Council of the Federation, to look at the fiscal imbalances of federal financing, the amount of money that goes to the federal government as compared to what stays with the provinces and territories. Both panels will report back by the end of December 2005.

The Premier advised Members that he had had some opportunity to provide input into the composition of the Panel on Fiscal Imbalance. The Committee feels it is absolutely crucial that the sub panel on formula financing and the panel on fiscal imbalance have representation from individuals familiar with the NWT's issues, given that the fiscal history of the GNWT is not widely known. The Committee looks forward to being advised of the composition of these panels once it has been established.

Understanding that the work this group will undertake has the potential to have an enormous and far reaching affect on the fiscal situation of the NWT, the Standing Committee on Accountability and Oversight strongly believes that it is essential that the history and current situation of the territory be clearly communicated to the panel: billions of dollars in resource royalty revenue, collected from the extraction of territorial resources over the years, have been funneled into federal coffers.

Recommendation:

The Standing Committee on Accountability and Oversight recommends a pro-active approach to communication with the Expert Panel on Equalization and the Council of the Federation Panel on Fiscal Imbalance to ensure the NWT's position is fully understood and represented;

And further, the Standing Committee on Accountability and Oversight also recommends that the Government adopt a collaborative approach with the Aboriginal Summit with respect to a communications plan for input into the two panels.

Beaufort Delta Regional Office Review

The Beaufort Delta Regional Office was established during the 2003-2004 fiscal year to assist the region to coordinate its preparation for the implementation of a final, regional self-government agreement. The office was to be implemented on a one-year trial basis, and evaluated after that period to determine if it should be continued.

The Regional Superintendent of Education, Culture and Employment took on the Beaufort Delta Regional Director position on a trial basis. In September 2004, the Premier advised the Committee that he had met with the incumbent who informed him that in her view, the workload at the Beaufort Delta Regional Office did not, at that time, merit a full-time position. She suggested she could do her former position and the new position simultaneously. In addition, the fiscal restraint and government-wide cost cutting initiatives led to the decision to eliminate the office's administrative assistant position.

After the one-year trial period the Premier advised the Committee that the Regional Director would be producing a progress report on the work of the Regional Office, to be submitted by December 31, 2004. The Committee was therefore surprised to learn that, in fact, a private contractor had been commissioned to write another report on the need for the Beaufort Regional Office. The Committee is somewhat critical of the decision to hire another contractor to review the Regional Office. This is seen as yet another example of using scarce funds to hire costly outside contractors to provide 'expert' advice on a situation that consultation with internal staff would reveal just as effectively. The Premier had received the report at the time of the review of the 2005-2006 Draft Main Estimates and he committed to sharing it with the Committee after Cabinet had been briefed.

The Standing Committee is of the opinion that the initiative to establish a Regional Office in the Beaufort Delta was commendable and that there is a strong need to formalize GNWT coordination in the Beaufort Delta and other regions. The complex political environment in the regions, which is in part a result of self-government negotiations and agreements and rapid resource development initiatives, demands a stepped up coordinated effort on the part of the Government of the Northwest Territories. A coordinated presence in the regions is essential. As it stands, circumstantial evidence suggests that

interdepartmental coordination and communication at the regional level is inadequate.

Regional Directors were eliminated in 1996, as a substantial cost saving initiative. The role of Regional Directors was replaced by a somewhat haphazard approach coordinated through a committee of regional superintendents, with varying degrees of effectiveness depending on the region. Since then there have been considerable changes in regions as self-government negotiations advance. The Committee is of the opinion that the establishment of the Beaufort Delta Regional office on a trial basis indicates the Government's willingness to explore the possibility of formalizing much needed regional coordination and is pleased with this effort. The Committee looks forward to reviewing the two reports on the Beaufort Delta Regional Office, and exploring possible options to move forward on regional coordination in the Beaufort Delta and other regions.

Recommendation:

The Committee recommends that the Department of the Executive consider different options to use already existing personnel and resources to create a consistent system of coordination in the regions;

And further, that the options be presented to the Standing Committee on Accountability and Oversight prior to the Committee review of 2006-2009 Business Plans.

MINISTRY OF ABORIGINAL AFFAIRS

Ministry Re-profiling

The Standing Committee on Accountability and Oversight has noted with concern that there is a substantial degree of duplication and/or overlap between certain mandates and activities of the Ministry of Aboriginal Affairs and those in the Executive, in particular the Intergovernmental Relations and Strategic Planning Office (IGRASP). Some Members are of the opinion that this has led to a waste of valuable human and fiscal resources. Others point to the overlap of responsibilities and accountability of certain high-level GNWT officials.

An important part of the work undertaken by the Ministry of Aboriginal Affairs and by IGRASP relates to devolution and resource revenue sharing negotiations. This work falls under the Ministry because of the nature of the tripartite negotiations with the federal government and the Aboriginal Summit, whereas

the IGRASP office is involved because of its responsibility for GNWT participation in intergovernmental activities.

Members also note that the incumbent Secretary to Cabinet, to whom the IGRASP office reports, also assumes the position of Deputy Minister for Aboriginal Affairs. Furthermore, a new Associate Deputy Minister position has now been created within the Executive, to work closely with the Secretary to Cabinet and Deputy Minister for Aboriginal Affairs. This position has been filled by an individual who will continue to occupy the position of Assistant Deputy Minister for IGRASP, as well as assuming new duties as Associate Deputy Minister. Given this level of overlap, the Committee does not see a convincing rationale to continue to operate two separate units.

The Standing Committee has brought the issue of duplication to the attention of the Premier on several previous occasions and the Premier has responded favorably to consolidation, however it has been brushed off as a project for a later date. The Committee is of the opinion that it is well past time to bring these two separate entities together in one unit for the sake of clarity of mandate as well as streamlining efficiencies with the aim of cost reduction.

Finally, Members have pointed out on several occasions that there is a disconnect between the title 'Ministry of Aboriginal Affairs' and the important work that is done on behalf of all Northerners in the area of devolution and resource revenue sharing. Consideration for a name that more accurately reflects the business of the Ministry could also be looked into at this time.

Recommendation:

The Standing Committee on Accountability and Oversight recommends that the Premier come forward to the Committee, prior to the review of the 2006-2009 Business Plans, with options to re-profile the Ministry of Aboriginal Affairs and IGRASP.

The Committee further recommends that the proposed options address the existing problem of duplication of responsibilities and address possible cost reductions that would be associated with reducing duplication.

FINANCIAL MANAGEMENT BOARD SECRETARIAT

Human Resources Consolidation

During the review of 2005-2006 Draft Main Estimates for FMBS, the Minister provided an update on the status of the consolidation of the GNWT's Human Resource Services, including the initial transfer of six human resource positions from the Executive and the creation of a new Assistant Deputy Minister position.

The Standing Committee on Accountability and Oversight is in support of ongoing work to consolidate human resource services and the Human Resource Service Centres. Members believe that this initiative will reduce duplication across government and ensure hiring procedures and policies are implemented uniformly and objectively throughout the civil service. The Committee looks forward to regular briefings on the planning and implementation of this initiative as it rolls out.

Financial Management Board Secretariat's Mandate and Name

During the review of the 2005-06 Draft Business Plan, some Members of the Standing Committee raised the issue that FMBS has undergone substantial transformation and growth since its inception, in particularly with the recent migration of Human Resource functions from the office of the Executive. It was suggested that it may be time to revisit the name of the Secretariat and select something that is more representative of those aspects of the mandate of the Secretariat that go beyond its financial responsibilities. The Minister responded that a change in name is something that could be considered.

Discontinuation of Superannuation Contributions for WCB and the NWT Power Corporation

When the Standing Committee on Accountability and Oversight initially learned of FMBS's intentions to eliminate, as a cost cutting measure, the contribution program that flowed \$1.238 million to the Workers' Compensation Board (WCB) and the NWT Power Corporation (NWTPC) for superannuation costs associated with federal changes to the *Public Service Superannuation Act*, they sought assurance from the Minister that the pensions of employees of the WCB and the NWT Power Corporation would be in no way compromised, and that they would be legally protected. The Minister responded that as long as employees were eligible under the Collective Agreement, their pensions would be protected.

The Minister explained that when the federal government made changes to the federal Public Service Superannuation Act five years ago, they ceased to subsidize the GNWT. This came into effect April 1, 2000, however they continued to provide term funding for a few years. As long as the term funding was provided, a portion was passed on to the WCB and NWTPC. When the term funding was rolled into GNWT base funding, the decision was made to terminate the grant. The expectation is that as independent corporations, the WCB and the NWTPC should assume their true costs of doing business.

Some Members were concerned that the WCB and NWTPC's superannuation costs would ultimately be passed on to consumers: employers would see an increase in WCB premiums and power consumers would see an increase to power costs. Members noted that businesses in particular would be hardest hit, as the largest single consumers of these services outside of government. Nonetheless, Members recognize that to continue to absorb the superannuation costs for the corporations indefinitely would compromise their status as independent entities.

Sirius Diamonds Loan Guarantee

During the review of the 2005-06 Draft Main Estimates, Members were surprised and extremely concerned to hear the deal to sell Sirius Diamonds had not yet been finalized. It is absolutely unacceptable that the ongoing financial loss to Government has been as high as \$250,000 per month in lost interest and receiver fees since mid-August when the loan guarantee was called and Sirius Diamonds was placed in full receivership. Subsequent to the review of the 2005-06 Draft Main Estimates, the Committee learned that negotiations with the potential buyer had terminated and the sale would not go through.

Recommendation:

The Standing Committee on Accountability and Oversight recommends that the Chairman of the Financial Management Board work diligently with the Minister Responsible for Resources Wildlife and Economic Development to deal proactively with the growing financial and human resource liability and that this issue be resolved in the public interest no later than April 1, 2005;

And further, the Standing Committee on Accountability and Oversight recommends that the GNWT establish a firm position for dealing with diamond mines and resolve the issues affecting the viability of the secondary diamond processing industry in the NWT as quickly as possible.

DEPARTMENT OF FINANCE

Insurance

The GNWT and NWT residents alike have experienced steep increases in insurance premium costs over the last few years, driven primarily by the downturn in the worldwide insurance industry. According to information provided by the Department of Finance, GNWT insurance premiums increased by 57% from fiscal year 2001/2002 to 2002/2003. In early 2003, the Department undertook a review of alternative ways to address property risk for the GNWT, which resulted in a decision to raise the deductible amount to \$10 million and self-insure losses below that amount. In conjunction with this, a Loss Control Program was implemented and funded by part of the premium savings. This approach has significantly reduced premium costs for the GNWT, resulting in a net decrease in insurance premiums for the year ending March 31, 2004 and only a slight increase for the year ending March 31, 2005. Members were pleased to note that insurance premiums, at least in the area of property insurance, are under control.

Unfortunately, NWT residents continue to struggle with rising insurance premiums. Some Members noted that many NWT residents, in particular small business owners, have expressed that escalating insurance costs is a substantial burden to their business. Surveys conducted by the Canadian Federation of Independent Business, which include the NWT, echo this concern. Three quarters of businesses have cited insurance rates as the top external impact on business.

During the review of the 2005-2006 Draft Main Estimates, the Committee had the opportunity to discuss the problem of escalating insurance costs with the Minister of Finance and his officials. Members raised the issue of possible GNWT intervention in the insurance industry with the aim of mitigating rising insurance costs, which are a substantial burden to most NWT residents, especially small business owners. It was pointed out that a number of jurisdictions across Canada have taken this type of action.

Members of the Committee were pleased with the Minister's commitment to contact the Canadian Federation of Independent Business as well as other jurisdictions to discuss possible GNWT participation in efforts that are already underway to deal with escalating insurance premiums. Members look forward to further discussions about this issue with the Premier, no later than the Spring Session of the Legislature.

2006 Federal Census

The GNWT and the federal government were in disagreement over the results of the 2001 Census. The issue is of crucial importance to the GNWT, as formula financing agreements, which determine the amount of transfer money from the federal government, are closely tied to population. To resolve the issue the GNWT undertook its own census. After much negotiation, the GNWT and federal government were able to reach an agreement, which saw the addition of approximately \$100 million of federal funding for the GNWT. This money would have otherwise been lost had the GNWT not intervened.

Members were pleased to see the Department of Finance allocate \$120,000 in one-time funding for the NWT Bureau of Statistics to work with Statistics Canada to ensure the next federal census accurately reflects the NWT's population. The initiative is aimed to ensure that difficulties encountered during the last census, and the resulting financial implications, will not be repeated.

Some Members did raise the concern that perhaps the GNWT was taking on the responsibility and cost that should be borne by the federal government. However, given the potential financial loss should the situation of the last census be repeated, the Committee is of the opinion that it is a good investment. The Committee supports the Department's proactive approach to working collaboratively with Statistics Canada on the 2006 Census.

The Committee further notes that the quality of a census is ultimately dependent upon the way that questions are asked, and the efforts made to communicate the value and importance of the census to residents. Members point out that communities have been known to be resistant to sharing personal information with government officials. This hurdle will have to be overcome for the 2006 Census to be a success.

Recommendation:

The Standing Committee on Accountability and Oversight recommends that the Department of Finance focus on the communication elements of the 2006 Census, so that NWT residents are made aware that the 2006 Census is vitally important to the NWT and its residents.

Review of the NWT Liquor Act

The Standing Committee on Accountability and Oversight was pleased to note the Department's initiative to review the NWT Liquor Act in order to identify appropriate legislative changes. The Act has not been reviewed since 1994 and is currently considered by many to be inadequate. Members were very disappointed that more details were not available at the time of the Draft Main Estimates Review.

Subsequent to the meetings, the Standing Committee received additional information and notes that an initial report, that will include recommendations on potential issues to be considered, will be complete by April 30, 2005. The initial report will also include a review of the recommended legislative changes and proposed consultation process. A final report will be provided to the Department of Finance by November 30, 2005.

Members have noted the Minister's commitment to ongoing discussions with the Committee as the initiative progresses. The Committee looks forward to further dialogue as the reports are completed.