

13th Assembly

Standing Committee on Government Operations

REPORT ON THE REVIEW OF THE 1996-97 MAIN ESTIMATES

Roy Erasmus, M.L.A.,
Chair



Northwest
Territories Legislative Assembly

Standing Committee on Government Operations

May 3, 1996

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

Mr. Speaker,

Your Standing Committee on Government Operations has the honour of presenting its Report on the Review of the 1996-97 Main Estimates, and commends it to the House.

Roy Erasmus, M.L.A.
Chair



MEMBERS OF THE STANDING COMMITTEE
ON GOVERNMENT OPERATIONS

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Committee Clerk

Robert Slaven
Committee Researcher

STANDING COMMITTEE ON GOVERNMENT OPERATIONS

REPORT ON THE REVIEW OF THE 1996-97 MAIN ESTIMATES

OVERVIEW

Since being elected in mid-October of 1995, Members of the Legislative Assembly have been developing a new and more effective way of conducting business. An important part of this new approach is the new Standing Committee structure and the relationships which have developed between those committees and the Ministers and departments. The committee structure allows Members to approach a department holistically, rather than looking only at finances or legislation. Although there is always a need to refine a new system to make it better, Committee Members are pleased with how the committee system supports a true consensus approach to government. The efforts of Ministers to facilitate the sharing of information and ideas is appreciated and Members hope the cooperative relationships developed during the business plan/main estimates review will continue.

Given the difficult financial problems facing the Government, the first order of business was to review Departmental Three Year Business Plans. From January 19 to 29 the Standing Committees on Social Programs, Infrastructure, Government Operations and Resource Management and Development met to review these initial plans. Over a ten day period, Committee Members analyzed the documents provided, held briefings with Ministers and provided the Government with recommendations on how these Plans could be improved.

During the first three weeks the Government revised the Plans and incorporated the recommendations from the Standing Committees. On February 22 the business plans were resubmitted for committee review. From February 23 to 28, Standing Committee Members met, once again, with Ministers and Departmental Officials to revisit the draft plans. On February 29 the Chairmen from each Committee delivered reports to the Standing Committee on Government Operations. These reports outlined additional recommendations as well as areas where each Committee felt additional information was required.

During the second week in April the Government submitted final copies of the Departmental Multi-year Business Plans and the 1996/97 Main Estimates to the Committees. Standing Committees reviewed these final versions from April 17 to 25 and developed final reports.

Normally, the budget process would begin in the Fall and be finalized during the Spring months. However, with a Fall election, Members and government Departments were forced to review both multi-year plans and budgets far later than usual, resulting in the need for an Interim Appropriation for the first few months of this fiscal year. This constraining factor did not allow Members to review, in detail, all of the programs and issues they are concerned with in each Department. Members look forward to the Fall of 1996 when the review of the 1997/98 budget begins. Members expect a more detailed review of both multi-year plans and Departmental budgets at that time.

The Standing Committees, along with the Cabinet, have had to focus all of their energies over the past four months on dealing with the dire financial situation. The Committees now look forward to moving beyond dealing with the crisis and into planning for the future. The Assembly has released a statement of its priorities. The work of the Standing Committees will now focus on how we achieve those objectives together.

GENERAL COMMENTS

Many of the Departments proposed very ambitious reduction strategies in their business plans. These strategies often have short timeframes and the actions in one program area have implications for other programs. Departments will have to work hard to meet all of the deadlines proposed as part of the deficit management activities. Given the size of the deficit, the Government cannot afford slippage from the budgets proposed by Departments. All Standing Committees intend to review the Government's quarterly variance reports to ensure that all targets are being met.

In order to provide thoughtful comment and questioning on a business plan or budget, Members need time to read and review the material provided. The Committees recognize the extraordinary circumstances for the budget/business plan review this year contributed to documents often being provided at the last minute. However, in future reviews, the Standing Committees will expect material to be provided in advance of meetings to allow Members sufficient reading time.

The Standing Committees also look forward to a standard presentation of information in next year's business plans and budgets. The differences in how departments provided material and in the types of material provided made it difficult for the Committees to do their work. These differences also meant there were many requests for information to ensure the Committees had consistent background in making decisions.

Although Standing Committees were reviewing the budgets of the Government, they were also very concerned about the implications of division for this Government. In future business plans and budgets, the Departments will be expected to comment on preparations for division.

A concern which arose in more than one Committee was with the systems in place to assist departments and regions in carrying out the personnel/staffing function with the dismantling of the Personnel Department. In all cases where the government is privatizing, decentralizing, contracting or changing the way a service is delivered, Standing Committees will be watching for two key elements in these plans:

- will the new method of service delivery cost the same or less; and
- are the functions covered; is someone providing the service?

One of the Standing Committees raised the issue of scholarships for people in post-secondary programs with Members of Government Operations. The Standing Committee supports scholarships which encourage northerners to develop skills which will help the growth of the NWT. However, these scholarships should go to people who have shown a commitment to the north and who will probably return after their training. The Standing Committee recommends that all departments offering post-secondary scholarships set consistent eligibility criteria (possibly five years residency) and establish requirements for scholarship recipients to return to the north.

OTHER DEPARTMENTS AND AGENCIES

The Standing Committee on Government Operations has the responsibility of reviewing the budgets and business plans of agencies which fall outside of the envelope structure. In January, Committee Members reviewed the NWT Power Corporation (NWTPC), the Workers' Compensation Board (WCB), the Public Utilities Board (PUB), and the Legislative Assembly.

These agencies do not provide the same opportunity for substantial expenditure reductions as do the envelopes. The NWTPC and WCB do not receive any government expenditures, as they are self-supporting from power revenues and employer assessments respectively. The budget of the PUB is only \$500,000, and met with approval from the Committee in January. Therefore, the Standing Committee has no further comment on these agencies.

LEGISLATIVE ASSEMBLY

Following January's hearings on the first draft of the Assembly's business plan, the Committee instructed the Assembly to return with further proposals for reductions. These proposals — reductions in contracts for such services as Security and Catering, reduced printing and distribution of Hansard, and reductions in the number of Conflict of Interest Commissioners — have been met, and have contributed to the reduction of the Assembly's overall budget.

Reductions in Members' salaries and indemnities are also reflected in the Assembly's reduced budget. Changes to Members' pensions are not yet reflected in the Estimates, as more analysis is required to determine the actual expenditure reductions that will result from those changes.

Committee Members had asked for specific proposals to reduce planned costs for paving the Capital Site in 1997-98 and 1998-99 to be included in the second draft of the business plan. These proposals were not included, and the Committee insists that such proposals be presented to the Standing Committee by June 1, 1996.

WITNESSES

Government of the Northwest Territories

Hon. Don Morin, Premier

Hon. John Todd, Minister of Finance/Chairman of Financial Management Board

Mr. Lew Voytilla, Secretary to Financial Management Board/Comptroller-General

Mr. Roland Bailey, Secretary to Cabinet

Legislative Assembly

Hon. Sam Gargan, Speaker

Mr. David Hamilton, Clerk

Mr. Myles Moreside, Director, Finance and Administration

NWT Power Corporation

Hon. Charles Dent, Minister

Mr. Jim Guthrie, President and Chief Executive Officer

Mr. Leon Courneya, Vice-President of Finance and Chief Financial Officer

Public Utilities Board

Hon. John Todd, Minister

Mr. John Hill, Chairman

Workers' Compensation Board

Hon. John Todd, Minister

Mr. Jeff Gilmour, Chairman

Mr. John Doyle, Director, Financial Services

