

# 13th Assembly

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## Standing Committee on Resource Management and Development

Report on the 1996/97 Main Estimates

David Krutko, M.L.A.,  
Chair



May 3, 1996

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 1996/1997 Main Estimates for the Departments of Renewable Resources, Transportation, Safety and Public Service, Energy, Mines and Petroleum Resources, and Economic Development and Tourism, 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

Jake Ootes  
M.L.A. Yellowknife Centre

Jame Rabesca  
M.L.A. North Slave

Marc Evaloarjuk  
M.L.A. Amittuq

**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

Evan Walz  
Committee Research



## 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. This new process started with revising the Standing Committee system and allowing Members to review Department Business Plans and budgets.

The Standing Committee on Resource Management and Development was charged with the following mandate:

- review legislation and policy proposals, multi-year plans and budgets, bills, Boards and Agencies, public accounts and division issues;
- review Departmental performance; and
- considering any other matters referred by the House

for the Departments of Economic Development and Tourism, Renewable Resources, Transportation, Safety and Public Services and Energy, Mines and Petroleum Resources.

Given the difficult financial problems facing the Government, the first order of business was to review Departmental Three Year Business Plans. As a result of the initial review in January 1996 and subsequent reviews in February and April 1996, a number of cost savings measures were recommended by the Standing Committee and incorporated into the 1996/97 Main Estimates. The Committee also approved a number of reductions proposed by the Departments. This approach facilitated total reductions to this envelope's budget of more than \$17,000,000 and 51 person years (PY's).

Normally, the budget process would begin in the Fall and be finalized during the Spring months. Given a Fall election however, Members and Government Departments were forced to review both multi-year plans and budgets at the same time. This constraining factor did not allow Members to review, in detail, every element within each Department. Members do however, look forward to the Fall of 1996 when the review of the 1997/98 budget begins. Members hope at that time a more detailed review of Departmental budgets can be accomplished.

A true consensus government system demands that all partners are involved in the decision making process. As a result, a recurring theme of *committee involvement* is evident throughout this report. Members of the Standing Committee on Resource Management and Development are encouraged by the initial steps taken by the Government and hope this trend continues in the future.

## **ENERGY, MINES AND PETROLEUM RESOURCES, ECONOMIC DEVELOPMENT AND TOURISM, AND RENEWABLE RESOURCES**

Committee Members feel that these three departments are "revenue generators". Not only can these Departments stimulate the NWT economy and create numerous job opportunities, but they can also provide the GNWT with significant amounts of revenue.

### **NORTHERN ACCORD:**

The Committee recognises the importance of this initiative and strongly recommends that the Government give finalization of such an agreement a high priority. Further on this issue, Members were concerned about the reporting relationship of the Deputy Minister of Energy, Mines and Petroleum Resources (EMPR). It was noted that the Premier, the Honourable Don Morin, was responsible for the Northern Accord. As such, the Deputy Minister of EMPR is responsible to the Premier for the Northern Accord, but is responsible to Minister Kakfwi on all other EMPR issues.

### **AMALGAMATION:**

In reviewing these three departments the Committee noted obvious areas of overlap, duplication and inefficiency. By combining separate Finance, Policy and Directorate divisions, consolidation could offer immediate savings. In addition, program areas such as Parks will offer long term savings through increased efficiency.

Based on this, the Committee recommended that the Government proceed with consolidating the Departments of Renewable Resources, Energy Mines and Petroleum Resources and Economic Development and Tourism. Consistent with the mandate of the Committee, it was further recommended that the Committee be involved throughout the entire process. To that end, the Committee recommended that the Government adhere to the following timelines:

- March 31/96 - Preliminary Amalgamation Plans
- June 1/96 - Detailed Action Plan for Consolidation
- March 31/97 - Complete Amalgamation (both HQ and regional levels)

Committee members are encouraged by the Government's move to appoint a single Minister and Deputy Minister responsible for consolidation and by the Consolidation Framework document provided March 29, 1996. Members



look forward to future meetings and are hopeful that the *open door* atmosphere initially created by the Minister will continue.

## **ENERGY, MINES AND PETROLEUM RESOURCES:**

The Committee was uncomfortable with the unequal distribution of resources from this Department. Although its budget is relatively small, Members noted that the largest part was to be spent in the Headquarters area. The Committee noted that non-renewable resource opportunities exist throughout the Northwest Territories and hope that through the amalgamation of ED&T, EMPR and Renewable Resources, funding and expertise can be more equitably distributed amongst the regions, thus encouraging community-based initiatives.

## **RENEWABLE RESOURCES:**

### **FOREST FIRE MANAGEMENT:**

During the initial review of this Department's Business Plan, it was obvious that the Forest Fire Management Program suffered a historical deficiency in base funding. As an example, the Department had budgeted \$23.691M for the 1994/95 fire season but total costs came in at over \$43.004M. Based on this historical deficiency, the Committee approved a \$7.3M increase to this program's base funding.

In making this recommendation, the Committee noted that the Department of Renewable Resources must now consider this amount "capped". The Committee explained that only in the case of a genuine emergency could this newly established ceiling be exceeded. Furthermore, the Members would expect the Department to provide a full report on any such over-expenditure.

This new ceiling will force the Department to make some hard decisions regarding which fires to fight and what response method is most appropriate. The Committee expects the Department to work closely with communities in determining these important factors.

On a related issue, the Committee was interested in the Department's proposal to enter into a lease arrangement with Buffalo Airways Ltd. for the use of three CANSO aircraft. Committee Members are disappointed

however, that information on this issue was not provided earlier, and that the Committee was not involved until after a final decision was made. Members are looking forward to the Fall when the Committee will have an opportunity to assess this aircraft's usefulness with the Minister.

**WESTERN NWT HARVESTERS ASSISTANCE PROGRAM:**

The Committee is supportive of this program but is concerned with the way in which it is funded. In the past, the Department has funded the program through Special Warrants and Supplementary Appropriations.

Members warned the Government that extra funds through Supplementary Appropriations do not exist given the current financial situation and recommended the Department identify an annual amount for the program in the Main Estimates.

Committee Members are pleased to see a budgeted amount of \$2.454M for this program in the 1996/97 Main Estimates. Members feel that this pro-active approach will allow both the Department and the Recipient to better plan for the expenditure while avoiding the use of Special Warrants.

**ECONOMIC DEVELOPMENT AND TOURISM:**

**NWT DEVELOPMENT CORPORATION:**

During its initial review of Economic Development and Tourism's Business Plan, the Committee recommended that the O&M budget for the NWT Development Corporation be reduced by \$200,000. The Department responded that only \$100,000 could be cut at that time. The Committee accepts this reduction but feels that additional cost savings exist in this area. To that end, Members are looking forward to the next round of Business Plan reviews where additional cuts to the overhead and administration costs of this Corporation can be reviewed.

To assist the Committee in evaluating the budget, business plan and operation of the NWT Development Corporation, Officials from the Corporation will be providing a detailed briefing to both the new Minister and the Committee. This briefing, tentatively scheduled for late summer 1996, will allow both the Committee and the Minister to review the Corporation in detail.



**OTHER REDUCTIONS:**

The Committee also supported cuts to the Mineral Initiatives program, the Forest Fire Management program and the Economic Development Agreement, as well as reductions in capital spending and staffing costs from the Departments of ED&T, EMPR and Renewable Resources.

**SAFETY AND PUBLIC SERVICES**

During the initial review of this Department's Business Plan, Committee Members were concerned with the cost saving measures proposed by this Department. Given this Department's responsibilities for ensuring public safety, Members were uneasy about approving cuts in the areas of consumer education, staffing and capital expenditures. The Department responded by reassuring the Committee that the proposed cuts would not compromise public safety.

**OCCUPATIONAL HEALTH AND SAFETY:**

One large area of concern for Members was the transfer of Occupation Health and Safety to the Worker's Compensation Board (completed in early April 1996). During its initial review in January 1996, Members raised concerns about this transfer and asked that the Government provide a detailed briefing on the issue. It is only now, after the transfer has been completed, that such a briefing is being scheduled.

Committee Members were also disappointed that the Government did not consult with stakeholders prior to completing the transfer.

In the future, when the Government is undertaking major organizational or program changes, the Committee expects that information about the changes will be provided well in advance. This will allow the Members to review the information and either offer suggestions and recommendations or provide support for such a change.

**LIQUOR REVOLVING FUND:**

During the January and February reviews, the Committee raised concerns about the large amounts of capital being tied up in the Liquor Revolving Fund. Members recommended that the Government make better use of these dollars by decrease and monitor inventory levels and negotiate more timely delivery dates with liquor manufacturers. The Committee will be looking for costs savings in this area during the Fall 1996 review of Business Plan.

**LIQUOR BOARDS:**

Committee Members raised a concern over the cost of maintaining the current Liquor Board structure. In discussions with the Minister, Members were told that each board had up to nine Members but required only three to establish a quorum. The Committee feels this is an obvious area of inefficiency and recommends that the department amend its legislation to reduce the total number of board Members from nine to five. The Committee further asks that these amendments be initiated by the Department as soon as possible.

**TRANSPORTATION:**

The Committee supported a number of reductions brought forward by the Department. The majority of these come from restructuring or reworking existing contracts. Included in this list are airport contracts for Cambridge Bay, Iqaluit and Resolute Bay; highway contracts from the Fort Simpson and Wrigley area; and the ferry contract in Fort Providence. In addition to this, the Committee supports staffing cuts at regional airports in Fort Smith, Inuvik and Cambridge Bay.

**OVERALL BUDGET:**

The Committee recognized that this Department's budget made up almost 50% of the entire Resource Management envelope but felt that Transportation did not go far enough in reducing its overall bottom line. To that end the Committee recommended that the Department of Transportation cut an additional \$2.5M from its overall 1996/97 budget. The Department responded by cutting \$677K from Operation and Maintenance costs and \$1.823M from Capital spending.

**RANKIN INLET TANK FARM:**

Committee Members noted that this project had been placed 'on hold' until such time as the Keewatin Resupply Steering Committee could complete its review and provide recommendations to the Government.

With this project on hold, the Committee was surprised to see that a \$900,000 capital project for Deep Sea Tanker Moorings in Rankin Inlet in the Department's 1996/97 Main Estimates.

When questioned in April 1996, the Minister explained that this project was in fact 'on hold', and that a plan was being developed to defer the Tanker Mooring Project to 1997/98. In its place, the Department planned to advance a number of smaller projects scheduled for 1997/98 to 1996/97. The Committee agreed with this 'swap' and felt that this option would make the best use of resources while awaiting the report of the Keewatin Resupply Steering Committee.

The Committee therefore recommends that the \$900,000 Rankin Inlet Deep Sea Tanker Moorings project be deleted from the Department of Transportation's 1996/97 Main Estimates and replaced with the following:

• Construct Community Wharf - Arviat	\$250,000
• Harbour Enhancements - Iqaluit and Apex	\$200,000
• Access Road - Nahanni Butte	\$200,000
• Access Road - Baker Lake	\$100,000
• Access Road - Various Communities	<u>\$150,000</u>
<b>Total</b>	<b>\$900,000</b>

**DIVISION:**

In its initial review, the Committee recommended that the department not proceed with the planned transfer of PYs to Nunavut until *incremental cost negotiations* were finalized with the Federal Government. The department responded by stating that no "substantial" costs would be incurred until negotiations were completed. The Committee was concerned with this statement and questioned what amount the department considered as "substantial". The Committee therefore recommended that the department of Transportation not incur any costs related to the transfer of PYs to Nunavut until negotiations are completed with the Federal Government.





## WITNESSES <sup>1</sup>

### Department of Transportation

Hon. James Antoine, Minister  
Mr. Andrew Gamble, Deputy Minister  
Mr. Bob Doherty, Deputy Minister  
Mr. Bruce Rattray, Assistant Deputy Minister  
Mrs. Raj Downe, Director, Finance and Administration  
Mr. Vician, Director of Highways and Engineering

### Department of Safety and Public Services

Hon. James Antoine, Minister  
Mr. John Quirk, Deputy Minister  
Mr. Henry Dragon, Director, Finance and Administration

### Department of Economic Development and Tourism

Hon. Don Morin, Minister  
Hon. Stephen Kakfwi, Minister  
Mr. Doug Doan, Acting Deputy Minister  
Mr. Allan Vaughan, President, NWT Development Corporation

### Department of Energy, Mines and Petroleum Resources

Hon. Don Morin, Minister  
Hon. Stephen Kakfwi, Minister  
Mr. Graham Nicholls, Deputy Minister  
Mr. Michael Cunningham, Director of Mineral Resources  
Mr. Eugene Kenny, Director, Finance and Administration

### Department of Renewable Resources

Hon. Stephen Kakfwi, Minister  
Mr. Joe Handley, Deputy Minister  
Mr. Bob McLeod, Acting Deputy Minister  
Mr. Kevin Lloyd, Assistant Deputy Minister  
Mr. Rick Feil, Director, Finance and Administration

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<sup>1</sup> - Please note that a Cabinet and Senior Management shuffle took place during the Committee's review.

