

13th Assembly

Standing Committee on Resource Management and Development

Report on the 1997/98 Main Estimates

David Krutko, M.L.A.,
Chair

January 28, 1997

**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 1997/98 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

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M.L.A. Yellowknife Centre

James Rabesca
M.L.A. North Slave

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Alternate Members

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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

WITNESSES

Department of Transportation

Hon. James Antoine, Minister

Mr. Bob Doherty, Deputy Minister

Mr. Bruce Rattray, Assistant Deputy Minister

Mr. Jason Brown, Assistant Deputy Minister (Nunavut)

Mrs. Raj Downe, Director, Finance and Administration

Department of Resources, Wildlife and Economic Development

Hon. Stephen Kakfwi, Minister

Mr. Andrew Gamble, Deputy Minister

Mr. Jim Kennedy, Director, Finance and Administration

*Report of the
Standing Committee on
Resource Management
and Development*

*Review of the
1997 - 1998
Main Estimates*

For the Departments of:

*- Resources, Wildlife and Economic Development -
- Transportation -*

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OVERVIEW

The Standing Committee on Resource Management and Development would like to compliment the Departments in this envelope for identifying such significant reductions while meeting what may best be described as difficult budget targets.

During the 1996/97 budget review, the Standing Committee approved total reductions to departments in this envelope of more than \$17M. For the up coming 1997/98 fiscal year, proposed reductions are in excess of \$30M. The net effect on this envelope over the two year period will be base reductions totalling over \$47M and the elimination of more than 245 positions.

Committee Members are very concerned with this and would again like to state that Departments in this envelope are generators of jobs, revenue and economic development for the NWT. As such, Members are concerned that any further cuts to these Departmental budgets will not only impair their ability to carry out necessary functions, but will also hamper their ability to generate revenue, jobs and the economic development so desperately needed in the Northwest Territories.

RESOURCES, WILDLIFE AND ECONOMIC DEVELOPMENT

The proposed budget for this newly consolidated Department of Resources, Wildlife and Economic Development has been identified as \$92.669M. When compared to the Revised Forecast for 1996/97 this equals an overall reduction of \$16.427M. As a result of the amalgamation exercise, more than 93 positions have been eliminated and regional spending authority has increased to over \$47M.

Forest Fire Centre - Ft. Smith:

While reviewing the 1997/98 Business Plans, the Committee questioned the Minister regarding the Forest Fire Centre in Fort

Smith. Members identified that although forest fire operations are seasonal, this centre remains open on a year-round basis. After discussing this issue at length with the Minister, it was agreed that the Department would review the situation and develop options for potential cost savings. Members look forward to receiving this review as well as any recommendations that may come out of the evaluation.

Federal Bill C-65

Members noted that the Federal Bill "The Endangered Species Protection Bill" would legislate the management of endangered species back to the Federal Government. Members agreed that this was not only an intrusion into Territorial jurisdiction, but that it could also contradict current and/or future land claim settlements. Given that, Members recommended the following:

The Standing Committee recommends that Departmental staff work with their Federal counterparts to ensure that the proposed Federal Bill C-65 receives the required amendments. The Committee further recommends that the GNWT ensure the involvement of its Aboriginal partners throughout this process.

NWT Development Corporation Funding

In reviewing both the 97/98 Business Plans and the 97/98 Main Estimates, Members noticed a proposed increase to the overall budget of the NWT Development Corporation of some \$500,000. Members were concerned with this proposed increase as it was only last year that the Standing Committee recommended that Development Corporation's budget be reduced by \$100,000.

After asking the Minister, Members were told that \$200,000 would be spent on a *knitted fur project* in Ft. Providence and that \$300,000 would go towards establishing marketing

infrastructure outside the NWT.

Members questioned the \$300,000 expenditure outside the NWT and wondered how the GNWT could deny funding in other areas while increasing funding to sources outside the NWT.

Reviewing Investments

Members noted that total contributions to the NWT Development Corporation and the Business Development Fund are now in excess of \$13M. In these tight financial times, Members felt it was only prudent to review any and all investments being made by these organizations. Based on this, the Committee recommended the following:

The Standing Committee on Resource Management and Development recommends that any company in which the NWT Development Corporation has a controlling interest provide the Department, and subsequently the Standing Committee, with Financial Statements on an annual basis.

The Committee expects to review most, if not all of these statements during the next round of business plan development.

Members appreciated the information provided by the Minister on the Business Development Fund and would like to acquire more background information on the numerous companies being funded under the program.

NWT Arctic Tourism

Members were concerned that funding for the NWT Arctic Tourism Association had been significantly reduced, primarily due to the sun-setting of the Economic Development Agreement (EDA). The Committee would however, like to remind the Minister that this organization not only creates numerous jobs in the NWT, but also promotes community based tourism and helps to increase the overall profile and awareness of the North.

Members felt that funding an organizations such as this would provide long term benefits to the NWT and should be viewed as an investment in our tourism future. Based on this, the Committee recommended the following:

The Standing Committee on Resource Management and Development recommends that the Minister make every effort to return this organization's funding back to historical levels.

MINERAL, OIL AND GAS CONSULTANT FUNDING:

While reviewing the 97/98 Business Plan, Members noticed the unequitable distribution of funds under this item. Of the \$1.362M budgeted, 78% was identified for Headquarters. Given the importance of mineral, oil and gas exploration to the economy of smaller communities throughout the NWT, the Committee made the following recommendation:

The Standing Committee recommends that the Minister take the necessary steps to ensure a more equitable distribution of funding for Mineral, Oil and Gas Consultants across all regions of the NWT.

PARKS TRUST:

Members were most interested in the idea of a Parks Trust as proposed by the Department. Under this system, funds could be allocated to a "Trust" from a variety of sources including the Government, the private sector, Aboriginal Organizations, interest groups, etc. This system would put the management and control of parks outside of Government and would increase both responsibility and accountability. Members understand that such a Trust is currently only an idea, but would like to see the Department pursue the initiative.

PROTECTED AREAS STRATEGY:

Members were also interested in the idea of having the Department develop a Protected Areas Strategy. With assistance from the Federal Government and input from all northern stakeholders, this type of strategy would identify those areas most fragile and in need of protection. Members felt this was especially important given the current and possible future mineral exploration/development in the NWT.

DEPARTMENT OF TRANSPORTATION

The proposed 97/98 budget for the Department of Transportation has been outlined as \$85.516M. Of this amount \$55.631M will be spent on O&M and \$29.885 will be spent on Capital. This represents an overall budget reduction of over \$16M from the previous year's Revised Forecast and a cut of some 29.5 positions.

Rankin Inlet Marine Resupply Terminal

While reviewing the 1996/97 Main Estimates for the Department of Transportation, Members questioned the Minister regarding a \$1.05M capital project titled "Rankin Inlet Marine Resupply Terminal" and asked if this project was related to the proposed Rankin Inlet Tank Farm.

Members were told that the community of Rankin Inlet needed these docking facilities regardless of whether or not a Tank Farm was established and that the project could be cost shared with the Federal Government. The Committee was also told that the "Rankin Inlet Tanker Mooring" project (\$900,000) was directly link to the proposed Tank Farm.

Based on this the Committee recommended that all projects related to the Tank Farm be removed from the budget until a final decision was made by the Keewatin Resupply Steering Committee. The Department responded by removing the \$900,000 Tanker Mooring project and redistributing the funds within the Department.

While reviewing the 1997/98 Business plan and subsequent Main Estimates, however, Members noted an \$820,000 allocation for the Rankin Inlet Marine Resupply Terminal project. After questioning the Minister about this expenditure, Member were told that this expenditure was in fact linked to the proposed Tank Farm. Members were very disappointed with this move and noted that the proposed expenditure of \$820,000 in 97/98 went against the Standing Committee's earlier recommendation. Based on this, the Committee requested that the Department of Transportation provide, in written form, detailed information on the Rankin Inlet Marine Resupply Terminal project including:

- 1) A year to year expenditure breakdown
- 2) A detailed description of what exactly this project entails
- 3) The criteria used by the Department to substantiate both the 96/97 expenditure and the proposed 97/98 expenditure
- 4) An update on the current status of this project

The Committee went on to make the following recommendation:

The Standing Committee recommends that the Department of Transportation remove any and all capital projects related to the Rankin Inlet Tank Farm until such time as the final report of the Keewatin Resupply Steering Committee is made available.

Staffed Positions

The proposed 1997/98 Main Estimates suggests the elimination of 29.5 positions. Upon closer examination, Members noticed that 14.5 of these positions are currently filled by staff. Members were not supportive of the Department's plan to eliminate these 14.5 staffed positions and felt that this move would only further demoralize an already devastated public service. It was therefore recommended:

The Standing Committee on Resource Management and Development recommends that the Department of Transportation NOT remove the 14.5 staffed positions during the 1997/98 fiscal year. It was further recommended that the funding required to maintain these positions be found in other Departmental areas or that the funding be taken out of the projected 1997/98 budget surplus.

Further on this issue, Members were disappointed that the Minister had, at the time of the meeting, already provided notice to these employees of the Government's intent to eliminate their positions. Members felt this notification was premature as it did not allow for Committee approval.

Airport Lighting - Arviat Airport

Members noted that this project had been scaled back by the Department from overall expenditures of \$530,000 to only \$50,000 for 1997/98 and that this reduction had taken place without the involvement of the local MLA. Based on this, the Committee made the following recommendation:

The Standing Committee on Resource Management and Development recommended that the funds originally scheduled for the Airport Lighting project be redirected to other project(s) within the same riding.