

**THE STANDING COMMITTEE ON
RESOURCE MANAGEMENT AND DEVELOPMENT**

REPORT ON

MID YEAR ACTIVITY REPORTS

for the Departments of

**RESOURCES, WILDLIFE AND ECONOMIC
DEVELOPMENT**

SAFETY AND PUBLIC SERVICES

TRANSPORTATION

October, 1996

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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 Mid Year Activity Review for the Departments of Resources, Wildlife and Economic Development, Safety and Public Service 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

Jake Ootes
M.L.A. Yellowknife Centre

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M.L.A. North Slave

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M.L.A. Baffin Central

Roy Erasmus
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Edward Picco
M.L.A. Iqaluit

Staff Members

David Inch
Committee Clerk

Evan Walz
Committee Research

INTRODUCTION

The Standing Committee on Resource Management and Development was generally pleased with the Mid-Year Activity reports submitted by the Departments in this envelope: Transportation, Safety and Public Services, and Resource, Wildlife and Economic Development. Members noted that projects seemed to be moving along at a reasonable pace and that initiatives or strategies undertaken by the Departments are being carried out, for the most part, in a timely fashion. Members have noted however, that strategies and initiatives are being implemented prior to the Committee having the chance to review them. For example, dismantling of the Department of Safety and Public Works was not introduced to the Committee prior to the implementation of the initiative. Information on the dismantling was first provided to the Standing Committee during the Mid-term review; well after the strategy had been implemented.

Members noted that this was contrary to the Committee process and counter to *open government*. Members would therefore, like reassurance from the Government that the Committee process will not be circumvented in the future. In addition, Members recommended that the Government consult with the Standing Committee on strategies and initiatives *before* asking for input from all Ordinary Members.

Resources, Wildlife and Economic Development:

Mid Year Activity Report:

Members were disappointed to see that these three Departments, although now consolidated, provided information to the Committee using the "old" Departmental structure. Members were also concerned about the Minister's apparent inability to answer specific questions regarding strategies and initiatives outlined in the Business Plans when Committee meetings first commenced. Nevertheless, the Committee was pleased that the Minister was able to provide more detailed information the following day.

The Committee would like to report that initiatives and strategies outlined in the Business Plans are, for the most part, on schedule. The Minister reported that virtually all the cost savings initiatives outlined earlier have either been completed or are currently "in progress".

The Minister also reported on "new initiatives" not previously outlined in the Business Plans. These projects included the harvesting of snow geese in the Keewatin, pollution prevention programs and industrial benefits strategies. The Committee was supportive of these initiatives and noted that the new projects were internally funded.

Capital Changes:

The only capital change in this department was to the NWT Development Corporation. The Development Corporation's original budget was increased by \$252K. The Committee was told that this amount represented an insurance claim for a loss resulting from a fire that destroyed the Pangnirtung Print Shop. The Committee was further informed that this amount would be reimbursed once a settlement was finalized with the insurance company. Members were satisfied with this explanation and noted that it will not adversely affect the GNWT's financial position. However, Members were concerned with the apparent lack of planning on behalf of the NWT Development Corporation in this situation. The fire occurred over a year ago and Members felt that the Development Corporation should have been able to budget for this item. In short, Members felt that the NWT Development Corporation should have used its own funds as a "float" rather than the GNWT's consolidated revenue account.

After revisiting this item, Members still feel there are a couple of unanswered questions regarding the transfer of \$252K to the Development Corporation's budget. These include:

- Who will absorb the \$100K insurance deductible - the GNWT or the NWT Development Corporation?
- When is the return of the \$252K expected?
- What was the final cost of replacing the Pangnirtung Print Shop?
- Why was the Print Shop replaced before the insurance claim was finalized?

Transportation:

Mid Year Activity Report:

The Committee was informed by the Minister and his staff that projects and initiatives outlined in the Business Plan were, for the most part, on schedule. Members noted that virtually all O&M reductions were complete and that only one person had been laid-off although 29 PYs were cut. Members also noted that the "User Pay/User Say" strategy seemed to be moving along as projected. However, the Committee was very concerned with delays in numerous capital projects for airports across the NWT and wanted to remind the Minister that the construction season is rapidly coming to an end.

Capital Changes:

Resolute Bay Air Terminal:

Members questioned why the Resolute Bay Air Terminal Replacement project had been cut back by \$633K. The Minister stated that originally, this project included a "Full Flight Service Station", but that Transport Canada was now favouring the more automated C.A.R.S system (Community Aerodrome Radio Station). This change facilitated a savings of \$633K.

Members noted that the Minister seemed ill-prepared to address this issue and were left with numerous questions:

- Has Transport Canada made a final decision regarding this facility?
- If such a decision has been made by the Federal Government, Members would like to know when it was made.
- If no such final decision has been made, Members would like to know why the GNWT removed the funding for this project.

Members also questioned why the Federal Government continued to play such a large role in this project in light of the recent transfer of Arctic "A" Airports to the GNWT.

The Committee continued questioning the Minister regarding the \$633K and wanted to know where it will be spent. The Department provided the following explanation:

- \$288K was transferred to the Gjoa Haven airport "overlay taxi/runway/apron" project. This additional amount was required to cover increased raw material costs (crushed gravel), and lighting systems.
- \$300K was transferred to Hay River to "rehabilitate" the existing runway. Frost heaving is a problem in this area and has created an unsafe landing surface.
- \$45K was transferred to the Cambridge Bay "Tembind Application". This is a pilot project to test the effectiveness of a chemical agent that helps 'bind' gravel together on airport runways. If this project is successful, the Department of Transportation plans to test its dust control capabilities on local roadways. The Committee wishes to note that this "tembind application" project has a total budget of \$135K. The balance of \$90K came from the "Airport Upgrading" project in Kugluktuk.

Highway's 3a and 3b - km 0 to 243:

The Committee was told that tenders came in lower than anticipated on this project and resulted in a savings of \$606K. This amount was subsequently transferred to highway 3b (km 154 to 243) where significant work is still required. The Committee understood the rationale for this transfer but was disappointed at the poor level of budget planning in this case.

Fort Simpson Access Paving:

The Minister told the Committee that "Second Stage Paving", originally planned for Highway 1b was not required as the road did not deteriorate as rapidly as expected. The resulting savings totalled \$800K. The Committee was surprised to find out that the Minister took the bulk of these funds (\$650K) and paved an access road to a new sub-division area just outside of Ft. Simpson. The Committee was alarmed to learn that this project did not even appear in the Department's five year capital plan. The Minister did not give any explanation for this move except to say that the Mayor of Fort Simpson played a role in his decision. Members are extremely annoyed by these

events. The Committee has noted that a municipal Mayor had more input into the Minister's decision than the public, the Legislative Assembly and the Standing Committee combined.

Based on the grossly inadequate explanation provided by the Minister, the Committee recommends that no future changes to the Capital budget plan be carried out without the involvement and the agreement of the affected MLA(s).

Safety and Public Services:

Mid Year Activity Report:

During the review of the Three Year Business Plan submitted by this Department in the spring of 1996, the Standing Committee on Resource Management and Development noted that the Department planned to "Prepare for departmental restructuring necessary for division in 1999" (page 7) and to "Plan and carry out the orderly transfer of Occupational Health and Safety to the Workers Compensation Board" (page 4).

It was only during the Mid Year Activity Review that the Committee found out about the Government's plans to completely dismantle this department. The Committee had not been consulted about this initiative nor was the Committee provided an update in the Department's Mid-Year Activity Report. It must be pointed out that Committee Members had significant involvement in the consolidation of Resources, Wildlife and Economic Development. Given the Committee's non-involvement in the dismantling of the Department of Safety and Public Works, Members are extremely sceptical of the Government's purpose regarding this initiative.

During the Mid Year Activity review, the Department did provide an update on the dismantling of the Department. Members noted that the Department made no attempt to provide this information in advance of the meeting. The Minister stated that a Strategy Paper on the dismantling of Safety and Public Services would be completed shortly and distributed to all Members of the Legislative Assembly.

Members are very disappointed by these actions and remind the Minister of the Committee's responsibility to "review policy proposals" of Departments in this envelope. The Committee recommends that all future items dealing with the dismantling of Safety and Public Services, including the Strategy Paper, be delivered to the Standing Committee on Resource Management and Development for review and input before the items are distributed to all Ordinary Members.

Capital Changes:

There were no capital changes for this Department.