

12th Assembly

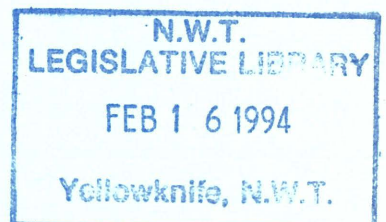


STANDING COMMITTEE ON FINANCE

Report on the

**Review of the
1994/95 Main Estimates**

**Jim Antoine, M.L.A.,
Chairperson**



STANDING COMMITTEE ON FINANCE

MISSION STATEMENT

The Mission of the Standing Committee on Finance is to advise the Legislative Assembly, on behalf of the Public, in all areas related to financial management and the proposed expenditure of funds -- and to hold government accountable for its spending.

GUIDING PRINCIPLES

The Standing Committee on Finance will be guided by the following principles in carrying out this Mission.

1. Government spending and financial management must respond first to fundamental human needs.
2. It must be guided by a strategic framework and be based upon sound fiscal policies.
3. It must ensure equity, fairness and universality of benefit to all residents of the Northwest Territories.
4. And it must be effective, efficient, and economical.

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STANDING COMMITTEE ON FINANCE

**REPORT ON THE
REVIEW OF THE 1994/95 MAIN ESTIMATES
FEBRUARY, 1994**

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M.L.A., Nahendeh

DEPUTY CHAIRPERSON

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THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY

LABORATORY OF ORGANIC CHEMISTRY

REPORT OF RESEARCH

BY

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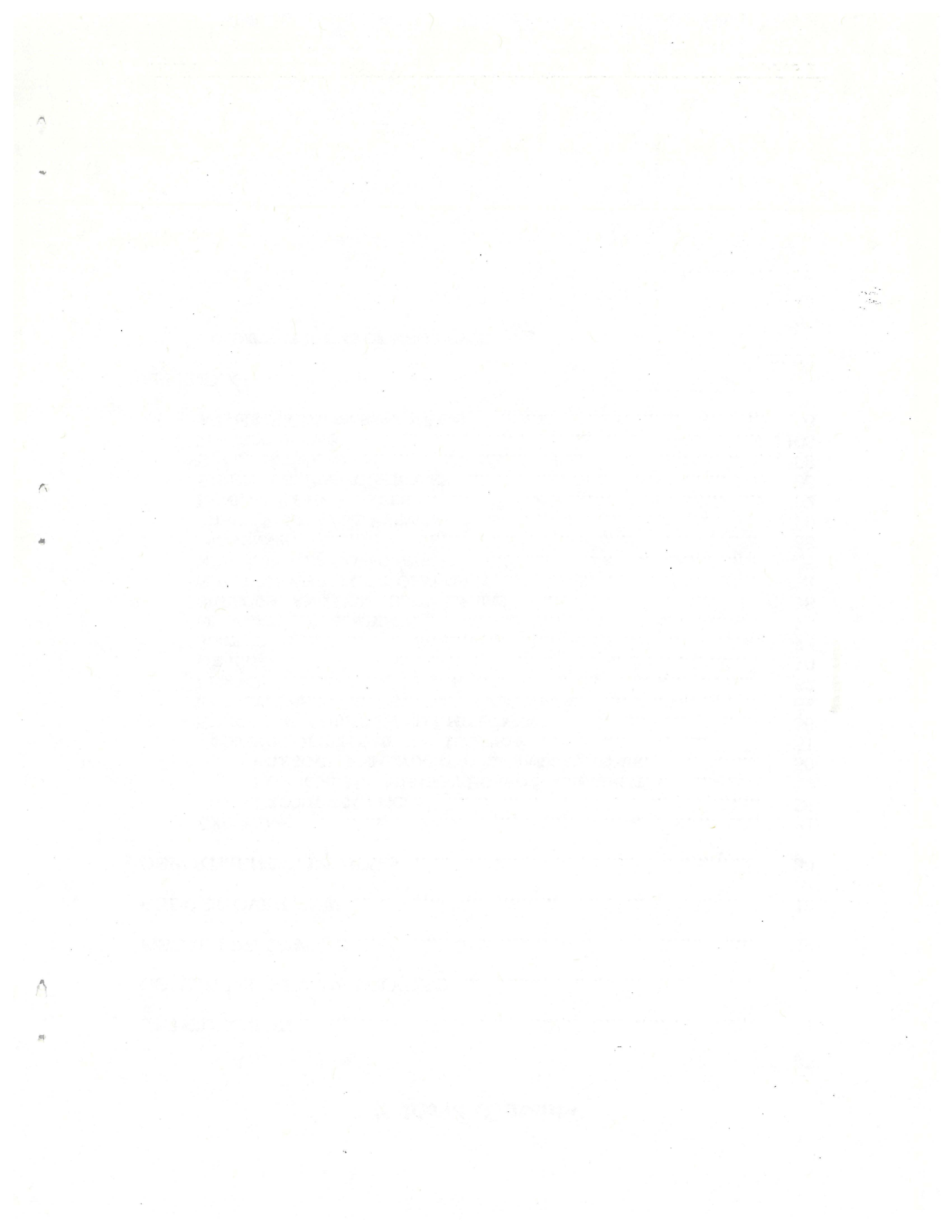
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COMMITTEE TERMS OF REFERENCE



INTRODUCTION

The Standing Committee on Finance for the Legislative Assembly of the Northwest Territories has reviewed the proposed Operations and Maintenance Estimates for the 1994/95 fiscal year. The Committee reviewed all Government Departments with the exception of the Ministry of Intergovernmental and Aboriginal Affairs which is contained in the Department of the Executive. This Ministry will be reviewed during the current Session of the Legislative Assembly.

The Members of the Standing Committee on Finance devoted a lot of time and effort to this process. The Committee Chair wishes to thank Members for their participation and their contribution to this report. In addition, the Chair would like to thank the Ministers and their staff for their contribution to and participation in this process. Finally, the Chair would like to thank Committee staff for their support and contributions.

The Committee realizes and appreciates the political climate that we are facing today. The Government of the Northwest Territories is proposing to spend slightly more than one billion dollars in 1994/95 to run the Government of the Northwest Territories. The majority of revenue for this budget, an estimated \$878 million, will come from the Government of Canada through the Formula Financing Agreement.

The Formula Financing Agreement with the Government of Canada expires March 31, 1995. Therefore, negotiations for a new funding arrangement have recently commenced. The Standing Committee on Finance has some strong suggestions regarding how the Government should approach these new negotiations.

POLITICAL AND ECONOMIC CLIMATE

The Government of the Northwest Territories is entering into year three of its four year mandate. The mid-term Cabinet Review has been completed. Preparation for Division is underway and land claims settlements across the Territories are at various stages of negotiation and implementation. Members of the Legislative Assembly are about to review the Main Estimates for the fiscal year 1994/95.

This Review takes place in the context of a number of outstanding funding issues, in dispute, with the Federal Government. Included among the outstanding issues are the following:

- Funding for social housing;
- Health billings dispute; and
- RCMP billing for the Giant mine labour dispute.

Funding negotiations with the Federal Government will continue in the following areas:

- Formula Financing Agreement - The current agreement expires March 31, 1995;
- Transportation Agreements - Arctic "A" airports, Highways;
- The Northern Accord;
- The Mineral Accord;
- The Government of Canada's new Infrastructure program; and
- Incremental costs of Division of the Northwest Territories.

Other significant issues which remain outstanding, and create uncertainty for fiscal planning include the following:

- The impact of the North American Free Trade Agreement on the Northwest Territories Business Incentive Policy and Buy North initiative;

- Provincial and Territorial responses to the federal reduction in the Tobacco Tax;
- Any changes affecting the interprovincial trade barriers;
- The impact of Animal Rights Groups on the fur industry; and
- Any new initiative or changes in the federal Human Resources Development Ministry including Western Economic Diversification.

The new Liberal Government of Canada took office in November, 1993. At that time, it was speculated that the deficit for the current fiscal year would be as high as \$48 billion, much higher than estimated in last spring's budget. The Liberal Government's approach to the country's economy is described in the following excerpt from its campaign Red Book - *Creating Opportunity - The Liberal Plan for Canada*.

We are profoundly optimistic about the future of Canada. We do not believe that the only solution to our economic problems is another five years of cutbacks, job losses, and diminished expectations. We believe we have to take immediate measures to make our economy grow and create jobs. We believe that Canada has both the human and natural resources to solve its problems. We see enormous opportunities for Canada both at home and internationally to create a strong economy and a vibrant, creative society. [page 11]

The new Minister of Indian Affairs and Northern Development has committed to negotiate a definition of self-government over the next six months with aboriginal groups, provinces and territories. The Prime Minister has acknowledged that the renewed efforts are proceeding

without a constitutional amendment. He said that the constitution already recognizes self-government and can be amended later if need be.

COMMITTEE MANDATE

The primary task of the Standing Committee on Finance, as outlined in the Committee's Terms of Reference, is to undertake a detailed examination of the Government's annual budget and its related fiscal operations. Specifically, the primary purpose of this review is outlined in the following statement;

- to review and recommend on the preparation of estimates, expenditures and appropriations required to defray the charges and expenses of the public service of the Territories in each fiscal year.

Also during this review, the Committee focused on three other aspects of its Terms of Reference. These include the following items:

- in consultation with the Chairman of the Financial Management Board, examine and recommend the terms and conditions of any agreement relating to financial arrangements with the Government of Canada;
- review, evaluate and recommend on any revenue sources that may be available to the Territories; and
- review financial implications of existing and proposed Territorial programs and the financing thereof, as well as any other programs which may, in future, become a charge against the Territorial budget.

The Committee intends to fulfill its mandate on behalf of the Assembly and the people of the Northwest Territories and to ensure that the Government is financially responsible.

APPROACH TO 1994/95 O & M REVIEW

Committee Members approached the review of the 1994/95 Main Estimates with the following guidelines in mind:

- Members were very aware of the need to continue to avoid an accumulated deficit. The Government of the Northwest Territories is the only jurisdiction in the country that has so far managed to avoid accumulating a deficit. It is important to maintain this trend particularly in view of the Territories' financial dependence on the Federal Government;
- On the other hand, the Committee was alert to any opportunities to increase territorial revenues and decrease this dependence;
- As well, Members looked, throughout their review of government operations, for ways and means to streamline and economize; and
- Finally, economic and business opportunities were carefully examined for opportunities to allow all northerners to become increasingly self sufficient.

REVIEW THEME

The Committee's review of the 1994/95 Main Estimates was conducted in the context of the larger issues of overall government fiscal policy and effective resource management. Committee Members carefully reviewed new government initiatives and initiatives currently underway, to see if they complied with government policies and noting the resource requirements.

Throughout the review, Committee Members focused on finding solutions to problems identified. New and innovative approaches to conducting the business of government were explored and are reported in this document.

OVERVIEW OF REPORT

Following this introduction is a discussion of the process that the Committee used to review the **1994/95 Main Estimates**. A discussion of the fiscal framework within which these Estimates were developed follows. An overview of the budget and a discussion of some government wide issues is described in the next section of the report. Finally, the bulk of the report is comprised of detailed reviews of each Government Department.

COMMITTEE REVIEW PROCESS

OUTSTANDING ISSUES

During the review of the 1994/95 Main Estimates, the Committee considered outstanding issues (deficit management, housing crisis) and the role that the Committee should play in the resolution of these issues. Those major outstanding issues are addressed in the two recommendations made in the Committee's last report to the Legislative Assembly - ***Response to the Options Paper on Deficit Management*** which was tabled on December 14, 1993.

These two recommendations are presented below.

First Recommendation from the Response to the Options Paper on Deficit Management

The Committee recommends that the Department of Finance and the Financial Management Board develop a short term strategy, aimed at avoiding deficit financing, to guide fiscal management for the 1994/95 fiscal year. This short term strategy should be presented to the Standing Committee on Finance at the commencement of the Committee's meetings on January 10, 1994 and should include the following:

- A discussion of the underlying principles, priorities and objectives;
- A discussion and assessment of deficit reduction options;
- A detailed deficit reduction plan for 1994/95; and
- Details of any federal/provincial /territorial plans for deficit reduction.

In his opening remarks to the Standing Committee on Finance, the Chairman of the Financial Management Board informed Committee Members that the Government has a long term strategy for achieving financial restraint. He went on to say that this strategy has been publicly stated on several occasions and was perhaps best articulated in the Premier's February 1992 Statement on Reshaping Northern Government.

**Second Recommendation from the
Response to the Options Paper on Deficit Management**

That the Financial Management Board develop an integrated plan and political strategy that brings together the major financial issues facing the G.N.W.T. There should be one package presented to the Federal Government that incorporates such issues as health billings, forest fire suppression costs, formula financing agreement, and incremental added costs for division, land claims implementation and others. It should include revenue producing responsibilities such as the Northern Accord and a Mining Accord. The Financial Management Board should develop possible compromises and tradeoffs among these issues and develop the political strategy to achieve the following results.

- Certainty of adequate funding to create and sustain two new territories with no diminished level of service.
- Each territory to be given the economic tools necessary to lessen their dependence on the Federal Government - eg., Northern Accord, Mining Accord.
- A 10 year financial agreement with the Federal Government to provide a basis of fiscal stability in order to facilitate the orderly constitutional evolution of two new territories.

The plan and the political strategy should be available to the Standing Committee on Finance for review in February, 1994.

The Committee was informed that the Chairman of the Financial Management Board is in the process of developing an integrated plan and political strategy and was encouraged by this preliminary response to the second recommendation.

In view of these important and timely recommendations, the Committee decided to take a proactive approach to reviewing the 1994/95 O & M budget. This proactive approach is outlined as follows:

- The Committee continued to encourage the Government to take a lead role in establishing and implementing a responsible and responsive overall fiscal policy;
- The Committee must be kept informed of, and have the opportunity to review, all major fiscal policy decisions and political strategies; and
- Throughout the review, the Committee made a number of practical and concrete suggestions regarding fiscal strategy, revenue generation and potential programs and initiatives.

REVIEW PROCESS

The Standing Committee on Finance met in Yellowknife from January 10 to January 27, 1994 to conduct the review of the 1994/95 Main Estimates of the Government of the Northwest Territories. The review process is outlined below.

- The Committee met the first day, in-camera, to discuss the following items:
 - Outstanding Issues;
 - Committee Schedule and Approach;
 - Committee Themes, Strategies and the Review Process; and
 - Budget Overview.

- An initial briefing session was held with the Chairman of the Financial Management Board. The following topics were discussed:
 - Deficit Management Strategy;
 - Budget Overview;
 - Fiscal Framework;
 - Briefings/Updates on the following topics:
 - Reorganization of Executive Management Functions;
 - Decentralization Initiatives;
 - Privatization Initiatives;
 - Collective Bargaining; and
 - Formula Financing.

- Departmental reviews were conducted Department by Department. The review process for each Department involved the following steps.
 1. In camera review of the Department's estimates;

 2. Ministers appearance before the Committee to answer questions and provide additional information that the Committee required to complete its inquiry; and

 3. An in camera wrap-up session to assess all available information for the Department and decide on the discussion and recommendations to be included in this report to the Legislative Assembly.

- A final review session was held with the Chairman of the Financial Management Board to address any remaining outstanding issues.

DELIVERY OF DOCUMENTS

The Committee was not satisfied with the fact the Financial Management Board was unable to provide the documents for this review by the promised delivery date. The result was that the Committee was unable to do as much preparation as it would have liked prior to the scheduled meetings.

SCHEDULING

The Finance Committee made many concessions to accommodate the travel and meeting schedules of Ministers when departmental appearances were scheduled. Committee Members felt that this courtesy was not returned. Committee meetings are scheduled well in advance and Members feel that these schedules and workplans must be respected.

FISCAL FRAMEWORK

In his Opening Remarks to the Committee, the Chairman of the Financial Management Board said that our fiscal situation has improved slightly since December 1993. The improvement is due to new information being taken into account in the calculation of the formula financing grant. The Chairman reported that, for the 1994/95 fiscal year, the shortfall is estimated at \$14 million rather than \$20 million as previously estimated.

BUDGET STRATEGY

The Government informed the Committee that it is following a long-term strategy of creating a "more efficient, more productive, and more responsive government". While fully recognizing the importance of this strategy, the Committee is concerned that other equally important strategic objectives may be overshadowed.

One of the critical elements in ensuring future fiscal stability for the N.W.T. lies in the development of a stronger local revenue base. The more revenue we as northerners can generate and control, the more we will be in control of our future. It is for this reason, that the successful negotiation of the Northern Accord and the Minerals Accord is so crucial. Successful completion of these agreements with the Federal Government will allow us to make our own decisions about priorities in areas such as finance, economic development, and environmental protection.

In view of the fact that all of these fiscal policy matters are interrelated, Members would like to emphasize the message contained in the second recommendation of the Committee's ***Response to the Options Paper Report on Deficit Management***. That is, the Committee encourages the Government to continue developing and implementing a budget strategy using the concept of a "package" approach. The package approach is comprehensive and incorporates issues such as health billings, funding

for social housing, incremental added costs for Division, land claims implementation, the formula financing agreement and others. Also included are revenue producing initiatives such as the Northern Accord and a Mineral Accord.

FINANCIAL MANAGEMENT TRENDS

The Committee decided to examine the issue of fiscal management over the long term. A number of items were reviewed over a ten year period. These items included the following:

- Total revenues;
- Budgeted and actual expenditures; and
- Annual and accumulated surplus/deficit.

Figure 1 depicts the G.N.W.T. Yearly and Accumulated Surpluses/Deficits from 1983/84 fiscal year to projections for fiscal year 1993/94. Table 1, on the following page, provides the corresponding figures for annual surplus (or deficit), accumulated surplus and surplus (or deficit) percentage.

Figure 1

Yearly and Accumulated Surpluses/Deficits

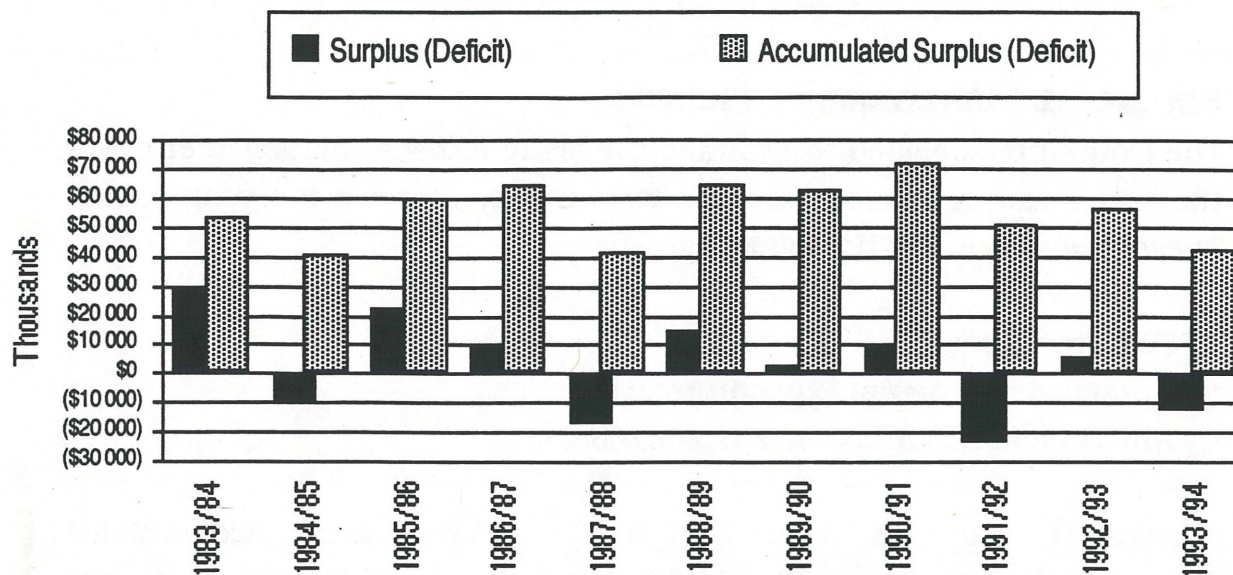


Table 1

YEARLY AND ACCUMULATED SURPLUSES/DEFICITS

Fiscal Year	Surplus (Deficit)	Accumulated Surplus (Deficit)
1983/84	\$28,479	\$53,358
1984/85	(\$9,523)	\$40,769
1985/86	\$22,065	\$60,234
1986/87	\$9,914	\$64,848
1987/88	(\$17,155)	\$41,843
1988/89	\$14,732	\$64,943
1989/90	\$2,746	\$62,689
1990/91	\$10,447	\$72,136
1991/92	(\$23,374)	\$51,210
1992/93	\$5,946	\$56,156
(projected)1993/94	(\$13,008)	\$42,137

Notes: • Figures to 1991/92 are from Territorial Accounts (1983/84–1985/86), Public Accounts (1986/87–1987/88), and Consolidated Public Accounts (1988/89–1991/92).
 • Figures for 1992/93 and 1993/94 are from 1994/95 Main Estimates and Capital Estimates, as provided to the Committee, January 11, 1994.
 • Accumulated Surplus figures are affected not only by that year's surplus (deficit), but also by items such as transfers to loan funds.

The present Government of the Northwest Territories and Legislative Assembly is the third successive Government and Legislature that has taken a fiscally cautious approach managing public money. Although the times have changed, and the issues are more complex, the actual financial results have remained remarkably stable.

The Tenth Assembly and Government came into power with a \$50 million accumulated surplus and left office four years later with a \$40 million surplus accumulated. The Eleventh Assembly and Government served for four years and there was a \$50 million surplus accumulated at the end of their final budget year. The current Assembly and Government, the Twelfth, inherited that large accumulated million surplus. Over two years later, on January 11, 1994, the Finance Minister informed the Standing Committee on Finance that the Government was projecting a \$42 million accumulated surplus for the fiscal year end 1993/94. This amount is about the same as surplus which had been accumulated a decade ago, at the end of the 1984/85 fiscal year.

These three Governments, for six of the last ten years, have produced annual surpluses and have balanced the overall budget over the entire ten year period. This is an achievement unparalleled in Canada. The Government and the Legislative Assembly of the Northwest Territories have managed their finances better than all other jurisdictions in Canada over the past decade. This fiscal prudence should be considered a very positive achievement in Ottawa. The Government of Canada should not use the fact that the Northwest Territories have managed to maintain an accumulated surplus position as an excuse to reduce funding in the formula agreement.

However, while recognizing this admirable fiscal performance, we need to maintain an awareness of the serious fiscal problems that face us. The gravity of the situation is not as dramatic as was forecast two years ago, but it could deteriorate very quickly, and we must continue to be vigilant.

Many outstanding financial issues are still being negotiated and the Finance Minister should be supported in maintaining his cautious approach. However, there are dangers in overstating the problems. Investor and consumer confidence have been hurt as a result of dire fiscal predictions during the last two years.

On the other hand, there is no doubt that firm government action in contract negotiation, downsizing and streamlining have had a positive impact on the fiscal position. Overall, the Finance Minister has done a good job in continuing to steer the Government clear of accumulated debt. However, the Government should strive to pursue a careful and balanced approach in the future.

The present Formula Financing Agreement, although flawed in some areas, has provided a good measure of stability. However, the Federal Government has been reducing funding to the Northwest Territories in areas not covered by the Agreement. A prime and significant example of this type of funding cut is the \$100 million in health billings and the reduction of \$47 million to support social housing.

DEFICIT MANAGEMENT

All northerners must realize that our financial position is extremely vulnerable. Because of its limited tax base, the Government of the Northwest Territories is dependent on federal funding for some 80 percent of its expenditure needs. For the fiscal year 1992/93, only 12 percent of Government revenues came from taxation. The balance is from multiple small sources.

Many large fiscal issues, such as the pay equity and health billings disputes and the shortfall in social housing, remain outstanding. In addition, the Federal Government is seeking ways and means to deal with its own deficit situation and, as a result, has cut funding in critical areas such as official languages and have off-loaded fiscal responsibility in other areas such as health billings and providing housing to aboriginal people.

The cumulative effect of all of these factors is to increase the burden on the Government of the Northwest Territories. In response, the Government must develop effective strategies to ensure that the Government of Canada lives up to its fiduciary responsibilities. As well, the Government of the Northwest Territories must continue to be vigilant in monitoring and streamlining the costs of providing essential services, and renew efforts in identifying new and innovative approaches to generating revenue.

The Committee is very aware of the fact that the 1994/95 Capital and Main Estimates do not allocate funding to address the serious shortfall in housing. This shortfall has been offset, to some degree, in the current (1993/94) fiscal year by generating one time revenue from the sale of staff housing. This is an option that, obviously, does not remain open. Other means must be found to deal with this very serious funding shortfall.

BUDGET OVERVIEW

SPENDING PRIORITIES

The Government did not submit a clear statement of its spending priorities to accompany the 1994/95 Main Estimates. Committee Members would like to reiterate the position they took during the review of the 1994/95 Capital Estimates and encourage the Government to make a firm public commitment to education as the top spending priority. This position, as noted in the Committee's *Report on the Review of the 1994/95 Capital Estimates*, is not in any way intended to undermine the importance of housing as a spending priority. However, the Committee firmly believes that two factors need to be considered:

- First, it is felt that the number one priority assigned to capital spending on housing, by the Government, is due to the crisis situation created by the withdrawal of federal funding.
- Second, if the Federal Government were to live up to its fiduciary responsibility to provide housing to aboriginal people, then the Government of the Northwest Territories could shift its priority from housing to education.

The Committee's rationale for suggesting education as a number one spending priority is based on a number of considerations.

- The Committee believes that it is through an investment in education that we may become more independent of the Federal Government.
- By educating young people, we will be able to build a stronger economic base.
- With an educated population, there should be less reliance on other programs such as social housing and social services.

Therefore, the Committee recommends that future budgets, both capital and operating, should clearly reflect the Government's commitment to education as a number one spending priority.

Further, the Committee urges the Government to develop a comprehensive and detailed statement of these spending priorities, to be included in future budget documents. This statement of spending priorities should note any changes to previous priorities and include the rationale for and consequences of the recommended order of priorities.

DEFINITIVE OBJECTIVES

During the review of the 1994/95 Main Estimates, the Finance Committee noted that the Definitive Objectives provided for each Department do not seem to be tied to the budget process in any meaningful way. Committee Members feel that, in order to guide the budget process, Definitive Objectives are required and need to be:

- a) specific;
- b) attainable within the fiscal year;
- c) measurable; and
- d) include milestone and target dates.

In many instances, the departmental Definitive Objectives lacked some or all of these characteristics.

RECOMMENDATION #1

THE COMMITTEE RECOMMENDS THAT THE **FINANCIAL MANAGEMENT BOARD** DIRECT ALL GOVERNMENT DEPARTMENTS TO REVIEW AND REPORT PROGRESS ON ALL OF THE DEFINITIVE OBJECTIVES CONTAINED IN THE 1994/95 MAIN ESTIMATES DOCUMENTS. THESE REPORTS SHOULD BE PROVIDED TO THE STANDING COMMITTEE ON FINANCE ONE WEEK PRIOR TO THE COMMENCEMENT OF THE REVIEW OF THE 1995/96 MAIN ESTIMATES.

FURTHER, THE COMMITTEE RECOMMENDS THAT ALL FUTURE MAIN ESTIMATES DOCUMENTS CONTAIN A STATUS REPORT OF DEPARTMENTAL ACCOMPLISHMENTS IN RELATION TO ITS DEFINITIVE OBJECTIVES FOR THE FISCAL YEAR PRECEDING THE ONE UNDER REVIEW.

THE NEED TO PRIORIZE GOVERNMENT INITIATIVES

While reviewing the 1994/95 Main Estimates, the Committee noted an extremely ambitious schedule of recent and new initiatives being proposed for the upcoming fiscal year. Table 2, which appears at the end of this section, provides an outline of the major government initiatives described in the departmental Definitive Objectives and by the Ministers when they appeared before the Committee. While most of the proposed initiatives sound very good by themselves, Committee Members are very concerned about the Government's ability to accomplish all that has been set out, within the limits of the resources available. The Committee would prefer to see departments and the government as a whole assess and establish priorities for all of these initiatives and tackle only the top priorities. There is a need to do a few things well as opposed to a lot of things poorly. Committee Members feel that it is important government resources are allocated in a planned and focused manner and not be spread too thinly.

RECOMMENDATION #2

THE COMMITTEE RECOMMENDS THAT **ALL DEPARTMENTS AND THE GOVERNMENT AS A WHOLE** DEVELOP A PRIORIZED LIST OF PLANNED INITIATIVES, WITH DESCRIPTIONS OF THE TYPE AND AVAILABILITY OF RESOURCES REQUIRED AND REALISTIC TIMEFRAMES REQUIRED FOR IMPLEMENTATION. FOR THE FISCAL YEAR 1994/95. THE COMMITTEE RECOMMENDS THAT DEPARTMENTAL RESPONSES BE AVAILABLE TO THE COMMITTEE **PRIOR TO DEPARTMENTAL BUDGETS BEING REVIEWED IN COMMITTEE OF THE WHOLE**. THE GOVERNMENT WIDE RESPONSE SHOULD BE PROVIDED PRIOR TO CONCLUDING THE REVIEW IN COMMITTEE OF THE WHOLE.

THE COMMITTEE RECOMMENDS, FURTHER, THAT IN FUTURE MAIN ESTIMATES DOCUMENTS, MAJOR INITIATIVES SHOULD BE CONTAINED IN EACH DEPARTMENT'S DEFINITIVE OBJECTIVES. THE STANDING COMMITTEE ON FINANCE SHOULD RECEIVE, ONE WEEK PRIOR TO ITS REVIEW OF THE MAIN ESTIMATES, AN ANALYSIS OF THE RESOURCES AND TIME REQUIRED FOR ALL MAJOR INITIATIVES BEING PROPOSED FOR THE FISCAL YEAR UNDER REVIEW.

Table 2
GOVERNMENT INITIATIVES
1994/95 FISCAL YEAR

GOVERNMENT- WIDE (OVERVIEW)

New Initiatives

- Oil and Gas and Mineral devolution ('Northern Accord' and 'Minerals Accord').
- Economic and Renewable Resource Development.
- Income Security Reform.
- Housing.
- Deficit Reduction.

Initiatives Currently Underway

- Informatics Strategy.
- Review of Travel Management.
- Review of Business Incentive Policy.
- Community Transfer Initiatives.
- Management for Results Systems.

ECONOMIC DEVELOPMENT & TOURISM

New Initiatives

- New 'Grants to Small Business Policy' specifically designed for artists, craftspeople and commercial renewable resource harvesters.
- Implement the new tourism marketing strategy.
- Evaluate Canada/NWT Economic Development Agreement (EDA).
- Evaluate the Business Development Fund.
- Develop Community/Regional strategies.

Initiatives Currently Underway

- Department has been 'reorganized and streamlined.'
- Planning function has been expanded and more emphasis is being placed on cost/benefit analysis.'

Continued

Table 2 (Continued)

EDUCATION

New Initiatives

- Income Support Reform. (With Department of Social Services.)
- Teacher education program for Yellowknife.
- Registered Nursing Diploma program starting fall 1994.
- Division of Arctic College.

Initiatives Currently Underway

- Community-based 'Stay In School' strategy.
- Pursuing goal of 50% aboriginal educators in NWT by 2000. (Already 49% in Baffin.)
- Pilot Management Development Program in Fort Smith.
- Grade extensions (10, 11, 12) in more communities.
- Capital standards and criteria for schools, gymnasiums and child care.
- Developing 'broad strategic plan', including Education Act reform. Hoping to table act in fall 1994 for debate in spring 1995.
- Complete and implement the NWT Child Day Care Program and Policy.
- Establish and deliver a Senior Management Training Program for the GNWT.

EXECUTIVE

New Initiatives

- Negotiating renewal of Languages Agreement with Federal Government.
- Functional Review of liaison officers, regional directors and press secretary, in light of consolidation and reorganization.
- Coordinate the review of Government-wide standards and criteria for capital facilities.
- Conclude negotiation of a Devolution Framework Memorandum of Understanding for all provincial-type powers, responsibilities and programs still within the authority of DIAND.
- Initiate negotiations of specific transfer agreement between the federal and territorial Governments of legislative powers, land, water and minerals.

Continued

Table 2 (Continued)

ENERGY, MINES AND PETROLEUM RESOURCES

New Initiatives

- Increased emphasis on minerals (and corresponding decreased emphasis on oil & gas).
- Prepare a consultation paper on oil and gas legislation and regulations in relation to onshore lands in the NWT.

Initiatives Currently Underway

- Finalize the Northern Accord and Minerals devolution agreements, and begin their implementation.
- Negotiating devolution—Northern Accord and Minerals Accord.
- After having taken over energy awareness/conservation responsibility, integrate all energy policy and programs into a single division.
- Prepare a consultation paper on a mineral strategy for the NWT.
- In conjunction with PWS and the NWT HC, to review design standards in place for new buildings in the NWT and determine the feasibility of changes to these standards in order to attain higher levels of energy efficiency.

FINANCE

New Initiatives

- Review and update investment policies.
- Review and analyze administrative procedures and practices pertaining to the Petroleum, Tobacco and Property Tax Acts.

Initiatives Currently Underway

- Negotiation of Formula Funding Agreement with the Government of Canada.

Continued

Table 2 (Continued)

HEALTH

New Initiatives

- Produce community health profiles for NWT Communities.
- Develop financial forecasting methods for health insurance programs.

Initiatives Currently Underway

- Developing a Memorandum of Understanding governing roles and relationships with health and hospital boards.
- Conducting a Functional Review of the Department.
- Reviewing and revising the *Public Health Act* and the *Medical Profession Act*.
- Decentralizing HIS to Inuvik and Rankin Inlet.
- Assist Arctic College to complete year one of the curriculum for the Northern Registered Nursing Education Program.
- Complete development of an HIV/AIDS prevention strategy.
- Complete an NWT Health Plan.
- Consolidate management of medical travel benefits to GNWT employees.
- Develop service standards for both air medevac carriers and medical escorts.

JUSTICE

New Initiatives

- New information system for Legal Aid is being developed—to be implemented in 1994/95.
- Implementing new Federal firearms legislation, including firearms safety training. Issue of costs has not yet been settled with Federal Government.
- Negotiating with the Government of Canada re: participation in First Nations Community Policing Initiative. 'Pilot' projects to start in Fort Good Hope and Coral Harbour.

Initiatives Currently Underway

- Reorganization. Notably, Community Justice being removed from Corrections division and becoming a division itself. 'This change demonstrates the importance of community justice issues in the overall mandate of the Department.' Victims of Crime Services now part of Community Justice.
- Facilitate development of new Community Justice Committees.
- The new Community Justice division 'will be the principal vehicle for addressing the escalating costs in the justice system' resulting from 'population increase and the increasing crime rate.'

Continued

Table 2 (Continued)

LEGISLATIVE ASSEMBLY

New Initiatives

- Reviewing the reporting relationship for the Commissioner of Official Languages.
- Develop and implement operational policies for the efficient and economical running of the Legislative Assembly Building and Capital Site.

Initiatives Currently Underway

- Education program almost complete, to be piloted in Yellowknife and a couple of other communities.
- Establish guidelines and regulations for the implementation of the Official Languages Act.

MUNICIPAL & COMMUNITY AFFAIRS

New Initiatives

- Implement and evaluate the first year delivery of programs under the Municipal Capital Assistance Policy.
- Develop a financial assistance policy for hamlet and charter community taxing authorities.

NWT HOUSING CORPORATION

New Initiatives

- Human Resource Planning Strategy, aimed at providing better training and support to local housing organizations.
- Review of 'all aspects of Corporation operations, and the corporate structure itself.'

Initiatives Currently Underway

- Implementing a new rent scale.
- Negotiations with the Government of Canada re funding for social housing.

NORTHWEST TERRITORIES POWER CORPORATION

- Snare Cascades hydro project.

Continued

Table 2 (Continued)

PERSONNEL

- Implementation of Long Term Housing Strategy

PUBLIC WORKS AND SERVICES

New Initiatives

- Review of Business Incentive Policy.
- Transfer community dust control to MACA so it can then be devolved to communities.
- Major review of POL delivery and rate structure.

Initiatives Currently Underway

- Building and Learning strategy (with Education).
- Negotiated contracts.
- Better construction management.
- Decentralization of Petroleum Products to Ft. Simpson and Rankin Inlet.

RENEWABLE RESOURCES

New Initiatives

- Developing comprehensive Renewable Resource Development Strategy.
- Changes to Forest Fire Management coming after review.
- Aims to increase Northern employment and minimize economic leakage to south.
- Major studies in the following areas: caribou, muskox, grizzly bear, waterfowl, furbearers, wildlife and fire, disease and contaminants.
- Implement a marketing strategy to promote NWT fur internationally.
- Prepare a draft Environmental Protection Policy for presentation to Cabinet.

Initiatives Currently Underway

- Given responsibility for Traditional Knowledge policy. Workplan and budget being prepared by I/D Working Committee.

Continued

Table 2 (Continued)

SAFETY & PUBLIC SERVICES

New Initiatives

- Revision of the Safety Act and Regulations.
- New gaming initiatives.
- Begin consultations re: a new *Liquor Act* by 1996.

SOCIAL SERVICES

New Initiatives

- Income Security Reform (see Education).
- Develop a comprehensive long-term strategy for the Department.
- Develop an action plan to respond to the recommendations of the Special Committee on Health and Social Services.
- Implement recommendations of the Family Law Review related to Child Welfare.
- Draft Regulations for and implement the Guardianship and Trusteeship Act.

Initiatives Currently Underway

- Adolescent solvent abuse pilot program underway in cooperation with the Federal Government and Northern Addiction Services.

TRANSPORTATION

New Initiatives

- Make the Dempster Highway (#8) entirely dust-free between Fort McPherson and Arctic Red River.
- Establishing regional offices in Baffin, Keewatin and Kitikmeot.
- Opening Baker Lake Training Centre (Air Services).
- Develop a plan for coordinating transportation infrastructure development in the Yellowknife/Izok Lake/Coppermine corridor.

Initiatives Currently Underway

- Continuing negotiations with the Federal Government re: transferring control of Arctic 'A' airports by April 1, 1995.
- Complete extension of Mackenzie Highway (#1) to Wrigley.

Continued

Table 2 (Continued)

WORKERS' COMPENSATION BOARD

New Initiatives

- Commissioners have temporarily assumed an increased workload to reduce the backlog of claims in the appeals process.
- Implement recently-completed affirmative action and official languages plans.
- Considering 'more rational classification system', merit rebate/surcharge program, and enhanced safety education programs.
- Also considering early intervention approach to claims management, enhanced communications to stakeholders, fraud strategy, and staff training to improve client service.

Initiatives Currently Underway

- Move away from AMA guidelines to determine physical impairment.
- Refocus rehabilitation program to assist injured workers in returning to work.
- New funding strategy—fully-funded status.

DEPARTMENTAL REVIEWS

This section of the report provides the results of the Committee's review of each Department. The Department of the Executive is addressed first as it contains a number of important government wide issues and issues which span a number of Departments. The remaining Departments are presented in alphabetical order.

EXECUTIVE

The Standing Committee report on the Department of the Executive is divided into four major sections. The first section addresses the major reorganization now in progress. The remaining sections deal with the three separate and distinct Programs which make up the Department: Executive Offices, Financial Management Board Secretariat, and Intergovernmental and Aboriginal Affairs.

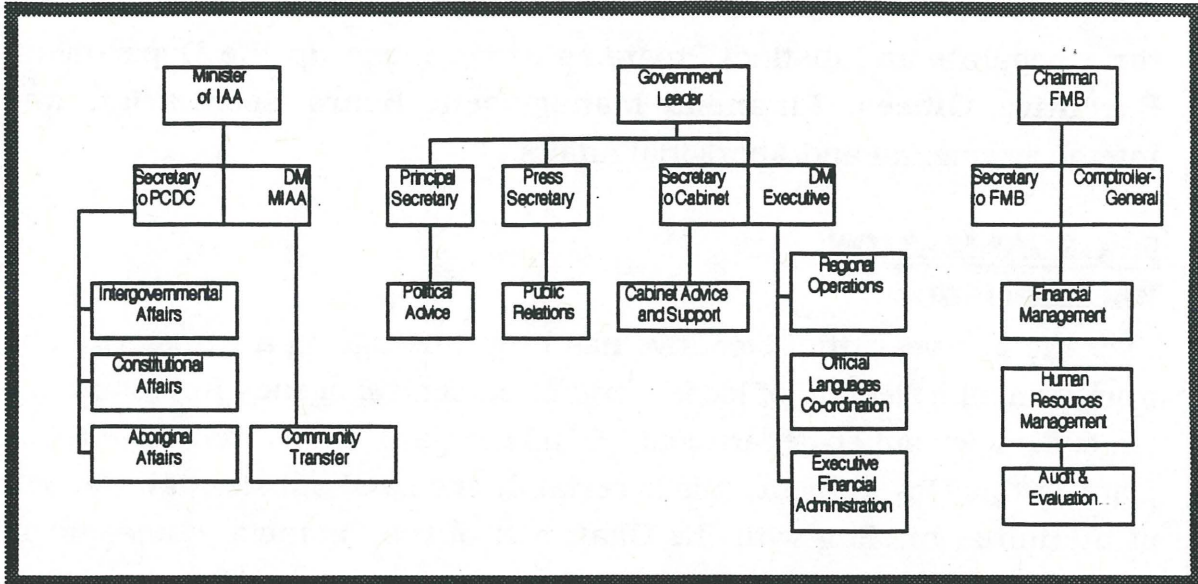
REORGANIZATION

BACKGROUND

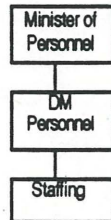
Over the last year, the Executive has been undergoing a transformation from a small collection of loosely organized central agency functions to a large, complex super-department. Of all reorganizations that have taken place in this Government, this is certainly the most substantial. As part of the initial briefing with the Chairman of the Financial Management Board, the Finance Committee was given a briefing on this reorganization. Figure 2 illustrates the new organizational structure.

Figure 2 FUNCTIONAL CHART

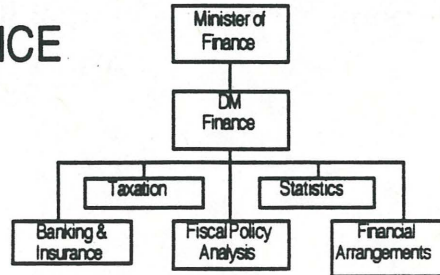
EXECUTIVE



PERSONNEL



FINANCE



The Committee was informed, by the Premier, that the restructuring was based on conclusions drawn by the Reshaping Northern Government Working Group and the Cabinet. However, Committee Members noted that the Reshaping Northern Government Working Group does not have a mandate for such decision making. Rather it is a consultation group responsible for bringing issues to the table of the Caucus Strategic Planning Workshops. It appears that the restructuring was based partly on the ***Strength at Two Levels*** Report and partly on recommendations from key Cabinet advisors.

The rationale for the dramatic changes to the Department of the Executive was that there was a need to address three structural problems. The first problem was the existence of confusion and overlap with respect to some central agency functions, in particular those of Comptroller-General, Deputy Minister of Finance and Financial Management Board Secretary.

A need for increased co-ordination among various central functions was cited as the second structural issue which required organizational change. An example of a lack of co-ordination, due to functions being housed in separate ministries, was between the collective bargaining function which was housed in the Department of Personnel and the expenditure control function which resided in the Department of Finance.

The third problem which was addressed by this major reorganization was that important structural elements were missing in the Government's organization. Two examples of missing functions were given. In the old organizational structure there was no ongoing program evaluation function nor was there an information management function. In the new structure, each of these functions is housed within a separate organizational unit in the Financial Management Board Secretariat (FMBS).

According to the information provided to the Finance Committee, there have been two major changes. First, the financial mandates are split into two separate operating areas. **Internal** financial management is assigned to the Financial Management Board (FMB) and the Chairman is to be supported by the Financial Management Board Secretariat. All expenditure management and control functions are being integrated within FMBS. **External** financial arrangements are assigned to the Minister of Finance and administered through the Department of Finance. All revenue generation functions are being integrated in the Finance Department.

Second, human resources mandates have been split into two separate operating areas. ***Collective bargaining, labour relations and human resource planning functions*** have been assigned to the Financial Management Board and merged with the FMB Secretariat. The ***staffing*** function remains with the Department of Personnel.

Further, the Committee was informed that, within this new structure, the Cabinet establishes direction, adopts policy and determines the "bottom line". FMB sits as a ***management*** board on behalf of Cabinet. Collectively, they are responsible for ensuring fairness, consistency and accountability for how assigned resources are managed.

COMMITTEE CONCERNS

Committee Members have a number of concerns about the reorganization of executive management functions. Some concerns were identified during the briefing on reorganization, others surfaced as Members reviewed departmental operating budgets and held discussions with Ministers and officials.

The Committee did not receive a clear message about the goal the Government is striving to achieve with this massive reorganization. The Government talked about the problems being addressed as the foundation upon which the change was built. However, there was no reference to the expected outcome. The Finance Committee, Ordinary Members and the general public are left without benchmarks to measure the success of this major shift in the way the Government of the Northwest Territories operates.

The Committee is not convinced that all of the major consequences of the reorganization have been identified or addressed. Change has a ripple effect. A change in one area has impacts on other areas. Committee Members will remain alert to unanticipated consequences flowing from the reorganization.

While the Committee is in total agreement with the need for increased coordination of government functions, Members do not believe that the total consolidation of critical functions is necessarily the most effective means of achieving that goal. With the old structure, and the diffusion of responsibility, came the benefit of a number of different perspectives, both bureaucratic and political, on issues of the day. With the new consolidated structure, where power is concentrated and access points to Cabinet restricted, the opportunity for bringing the depth and breadth of varied perspectives to bear on various issues is reduced.

The responsibility for managing the government's critical resources has been centralized. The management of financial, human and information resources is concentrated in the Financial Management Board Secretariat. Only the management of the Government's capital assets resides elsewhere. The impact of this concentration can be the overloading of key senior managers. As well, there is a risk of the immense central agency becoming a bottleneck for decision making.

Committee Members are concerned that some critical checks and balances may not have been incorporated into the new structure. For example, while combining the Comptroller General and Secretary to FMB roles may serve to strengthen the Comptroller General function as suggested by the Auditor General, it places the ultimate responsibility for both financial planning and control into one position. There is a risk in this consolidation of compromising both the controllership and the budget planning functions.

Further, the Departments of Finance and Personnel have been "stripped" of functions and responsibilities. Their position as "equal" to all other Departments has been severely weakened. Particularly in the case of Personnel, the need to maintain departmental status, structures and resources are called into question.

Committee Members are concerned about the impact of the new "streamlined" organization on political communication, the accountability of Cabinet to the Legislative Assembly and the operation

of "open" government. As noted previously, the access points to Cabinet have been severely reduced. Members see the new structure creating the potential for the political agenda to become overly controlled by the bureaucracy. Committee Members suggested that this potential diminution of political power could be counterbalanced with the reintroduction of political committees or Cabinet Sub-Committees.

Committee Members are concerned about the effect of the new structure on the balance of power among Ministers. Ministers are supposed to be equal partners in the business of directing government operations. The new "streamlined" structure, with a concentration of central agency functions in the Executive, gives the impression that, structurally, some Ministers may be much more influential than others in overall decision making. The possibility of this occurring was confirmed during the Finance Committee hearings, when some Ministers deferred discussion of departmental direction and management to the Premier and the Chairman of the Financial Management Board. This suggests that the Government Leader and the Chairman of the Financial Management Board should be held to a higher level of accountability than other Ministers for Government decisions and resource management.

A corresponding consideration is the balance of bureaucratic power. Members wondered if the creation of Superministries was intentional. If so, it seems that the senior bureaucrats in these Departments have a wider range of responsibility and accountability than those in other Departments. If the shift in the balance of political and bureaucratic power is intentional and continues to exist, the Committee will be considering ways and means to introduce a higher level of accountability for these positions.

Committee Members are concerned about the impact of the reorganization on regional operations. At a time when we should be strengthening the regions, it is unclear how the new highly centralized structure will affect decision making in the regions. There are some disturbing signs that there may be less flexibility in regional decision

making with Regional Directors reporting through the Deputy Minister to the Executive.

Finally, the Committee does not understand the rationale for the Ministry of Intergovernmental and Aboriginal Affairs to be included with the Executive Department. The focus of the briefing on reorganization was financial and human resource functions; Intergovernmental and Aboriginal Affairs was not discussed in this context. The linkages between this function and the others contained in the Executive are not obvious.

EXECUTIVE OFFICES

The Premier informed the Committee, in her Opening Remarks, that the Government expects to bring forward new initiatives, in the coming months, in the following areas:

- income reform;
- employment initiatives;
- economic and renewable resource development;
- deficit reduction; and
- housing.

SOCIAL JUSTICE ISSUES

Notably absent from this list of new initiatives, and from the resource allocation of the budget under review, is any mention of social justice issues. For example, the Committee supports the efforts of the Department of Justice in presenting the Declaration on Family Violence on behalf of the Legislative Assembly of the Northwest Territories and in developing and tabling a strategy for dealing with violence. However, the Committee was very disappointed to find, during its review of the Main Estimates, that few, if any, new resources have been allocated, in any Department, to help ensure that the goals set out in the Declaration become a reality. If resources are not dedicated to this important statement of principle, it raises expectations without much chance of achieving objectives.

The Committee's review of the Department of Health indicated that, once again, it appears that there is little improvement in the Department's approach to health issues. The Department has been advised by a number of groups, in the form of some very strong recommendations, about what is required to improve the Department's record of providing health services to its clients. These groups include the Auditor General of Canada, the Standing Committee on Public Accounts, the Standing Committee on Agencies, Boards and Commissions, the Special Committee on Health and Social Services and this Committee. The

Department has not responded to any of these groups. Frustration is building. The citizens of the Northwest Territories cannot wait for these much needed improvements to the health system. The Government must address this situation immediately.

In reviewing the Operations and Maintenance budget put forward by the Social Services Department, the Committee discovered that no new commitments had been made to community agencies and programs to support initiatives in family violence or child sexual abuse. These are very serious problems which are plaguing our communities and the Government, in failing to allocate additional resources in these areas, has not demonstrated its commitment to develop and provide solutions.

STRATEGY TO ELIMINATE VIOLENCE

The Government of the Northwest Territories has taken an important first step in making zero tolerance for violence a reality. Committee Members feel that the Premier, as Government Leader and Minister responsible for the Womens Advisory task, should demonstrate the Government's commitment to this strategy by coordinating its development and implementation. Committee Members feel that the Premier should be responsible for ensuring that departmental responsibilities across government are identified and that interdepartmental work is facilitated.

RECOMMENDATION #3

THE COMMITTEE RECOMMENDS THAT THE **PREMIER**, COORDINATE THE DEVELOPMENT AND IMPLEMENTATION OF THE GOVERNMENT'S STRATEGY FOR ELIMINATING VIOLENCE AGAINST ALL PEOPLE. THE COMMITTEE FURTHER RECOMMENDS THAT A PRELIMINARY REPORT ON PROGRESS MADE BE PROVIDED TO THE STANDING COMMITTEE ON FINANCE PRIOR TO ITS REVIEW OF THE 1995/96 CAPITAL ESTIMATES AND A FINAL REPORT PRIOR TO ITS REVIEW OF THE 1995/96 MAIN ESTIMATES.

INCOME SECURITY REFORM

The Ministers of Social Services and Education, Culture and Employment presented a new Income Security Reform proposal to the Committee during the budget hearings. The proposal incorporates three fundamental ideas. First, economic and resource development would provide more opportunities for northerners to earn a living. Second, skills development programs would give northerners the education and training necessary to be able to take advantage of the opportunities available to them. And third, the income support system would be reformed to provide incentives towards productivity, better integration with Federal programs and the tax system, assured income for those unable to participate in the labour force, and so on.

The Committee is glad to see Departments such as Education, Culture & Employment and Social Services planning to work together, as in this program. Committee Members are also glad to see some of the Federal Government's recommendations being incorporated into the plan, as well as new initiatives such as 'Investing in People'.

However, Committee Members are very concerned about the ability of the two Departments to coordinate efforts and to acquire and dedicate the necessary resources to ensure the success of this major initiative. This observation is made in the context of the large number of major

initiatives being proposed, by this Government, for the 1994/95 fiscal year. The concern remains even though it was suggested that the consolidation of Executive functions would allow the Government to more effectively focus attention on managing the Governments' agenda, setting priorities and monitoring the implementation of major initiatives such as the income security reform.

KEY PRIORITY AREAS

The Premier noted three key priority areas which are being coordinated through the Department and the Government Leaders office but do not have resources specifically tied to them. These three areas are as follows:

- Division;
- Labour Policy Review; and
- Departmental Consolidation.

DIVISION

Division of the Northwest Territories will have the most significant impact of all issues on the future Governments of the Northwest Territories. Committee Members believe that the path leading to 1999 is one that should be planned very carefully, and look forward to seeing this planning become more conspicuous and accountable. At present, the Premier said there is one person within the Executive Offices working on issues of Division. However, planning for the creation of a Special Joint Cabinet/Ordinary Members Committee to deal with the issue of Division is underway. Committee Members look forward to reviewing the details of this Committee's mandate and the resources allocated to its operation.

Committee Members are concerned that the costs associated with Division should be clearly identified and put forward as a financial responsibility of the Federal Government, in keeping with the Nunavut Political Accord. The Committee noted, for instance, that the incremental costs for setting up two separate headquarters for Arctic

College is an increased cost of Division. As such, this is one of the areas that should have been highlighted and federal funding sought. If a number of these kind of initiatives fall through the cracks, the Government of the Northwest Territories could find itself in very serious financial difficulty.

LABOUR POLICY

In view of the failure of the proposed Northern Workplace Commission to achieve political support and because the Government still believes that the issues to be addressed by that Commission are critical ones, the Premier has committed to return to Caucus with a revised issues paper on labour policy. She stated, further, that once it has been discussed in that forum, the issue of the resources required to support the development and implementation of labour policy will be raised.

Committee Members referred to the failure of the Northern Workplace Commission to achieve political support as an example of the type of problems that can occur in a heavily centralized system. The failure, in the Committee's opinion, was a result of missing checks and balances in the Executive decision-making process and a lack of political strategy.

DEPARTMENTAL CONSOLIDATION

The Premier stated, in her Opening Remarks, that what was once ten Activities in the Executive Office has been consolidated to three - Commissioners Office, Ministers Offices and Executive Council Secretariat. This consolidation of activities did not involve any reduction at either headquarters or in the regions. However, the Premier noted that it should lead to better coordination within the Executive.

With respect to this topic of departmental consolidation, the Premier made particular reference to the Department of Personnel and the Departments of Health and Social Services. A decision on the Department of Personnel is expected soon and the Premier made a commitment to return to the Reshaping Northern Government Working

Group with further details on cost efficiency of different options and the anticipated affect on the affirmative action policy. However, it is noted once again that the Reshaping Northern Government Working Group does not have a mandate to make decisions. Committee Members would like to remind the Government that these and other reorganization issues have to go through the proper channels, including a review of the financial implications by the Standing Committee on Finance.

With regard to the Health and Social Services amalgamation, the Premier said that the comments of the Special Committee on Health and Social Services are being carefully reviewed and the Government's position will be contained in its response to be tabled in the Assembly this Session. Committee Members look forward to the opportunity to assess the Government's response to the recommendations of the Special Committee and determine if sufficient resources have been allocated to ensure success in this very important endeavor.

Another reorganization issue which, although not raised with the Premier during her meeting with the Committee, remains a concern of the Committee, is the future of the Housing Corporation. Plans have been in place for some time to convert the Corporation into a Government Department or to amalgamate it with an existing Department. In fact, the first major step in that direction - the elimination of the Board of Directors - has already occurred. The Minister responsible for the Housing Corporation informed the Committee that the advantages and disadvantages of maintaining the corporate structure are being investigated along with ways and means to streamline and reorganize the way the Corporation does business. It is expected that this work will be completed by the end of March. The Committee looks forward to reviewing the results of this analysis at that time.

FINANCIAL MANAGEMENT BOARD SECRETARIAT

With the greatly enhanced duties of the new-and-enlarged FMBS come greater responsibilities. It is now more important than ever that the Committee, and all Ordinary Members, be kept **informed of and involved** in the activities of this Secretariat.

FORMULA FUNDING AGREEMENT

The Committee presented a report to the Legislative Assembly in December 1993 (***Response to the Options Paper on Deficit Management***) that recommended that the Financial Management Board develop an "integrated plan and political strategy" to address all the major financial issues facing the Government of the Northwest Territories over the coming years (see p. 8 for the full text of the Recommendation).

The Committee is not yet convinced that the Government concurs with this aspect of the recommendation. The Chairman of the Financial Management Board agreed to keep the Committee informed of the development of the package and the ongoing negotiations with the Federal Government. However, in the last meeting the Committee held with the Chairman of Financial Management Board, it appeared that the Chairman was wavering with respect to the "package" concept of negotiating. The Committee remains strongly convinced that the "package" approach is the only effective way to achieve optimal results in the negotiations with the Federal Government.

Committee Members encourage the Chairman of the Financial Management Board to develop a financial and political strategy which would take us through to Division and beyond. Specifically, the Committee would like to see the G.N.W.T. negotiate a five year agreement, with a five year extension provision, which allows for the incremental costs of the two new Territories. This would establish a base with incremental costs included as an add-on.

The rationale for developing this comprehensive strategy is multi-faceted.

- The implementation of this strategy would ensure a stable fiscal climate for the implementation of Division.
- The Legislative Assembly can serve as a unifying force.
- This strategy provides the opportunity for political unity within the Northwest Territories during the period leading up to Division.
- This strategy would provide the basis for a unified focus, among all players - Eastern and Western Arctic and the Federal Government; for the implementation of Division and beyond. It could reduce uncertainty and the potential for damaging misunderstandings.
- There is a strong possibility that there will be a Federal Election right at the time of Division. Negotiations between the Government of Canada and two new Territories at that time could be very difficult.
- Governments can plan more effectively with longer term major funding agreements in place.

HUMAN RESOURCE PLANNING/AFFIRMATIVE ACTION

While the Affirmative Action program has not been as successful as hoped, the emphasis on hiring aboriginals, women, the disabled, and indigenous non-aboriginals has made a difference to the N.W.T. civil service. However, as more northerners are hired and fewer southerners are employed by the G.N.W.T., some issues arise that must be addressed.

While Committee Members noted that some considerable progress has been made to date in the area of affirmative action, we would like to see even more incentives to hiring in the north. We would like departments to exhaust all other avenues before advertising and recruiting in the south. The Committee suggests that the **Financial Management Board** ask all Government departments to support each request to advertise in

the south with a detailed description of the efforts undertaken to hire north. Following approval and recruitment from the south, consideration should be given to future initiatives which would alleviate the need to recruit in the south.

Another important consideration in implementing the Affirmative Action policy is the training available to northerners. While most northerners have the capability and intelligence to work in the civil service, comparatively few have access to the necessary training for some positions. Specifically, the low percentage of northern aboriginals in technical, professional, and managerial positions suggests that training in those areas is not sufficient. It is possible that the hiring practices used to implement Affirmative Action may be approaching their limit given the current level of training and education among northerners.

As well, career development must be seen as an equal priority. Just training northerners for entry-level jobs isn't enough—they have to have the opportunity to progress, with adequate guidance and training. All civil servants, especially those covered by the Affirmative Action program, should be encouraged to advance, to learn, to progress, and eventually to lead.

Along with the reorganization and repositioning of the Financial Management Board Secretariat, the Government has established a Definitive Objective to develop and implement a comprehensive Human Resource Plan. The Committee encourages FMBS to ensure that this comprehensive plan encompasses not only hiring practices, but also education, training, and career development.

GOVERNMENT CONTRACTS

Negotiating contracts directly with suppliers is one method of Government contracting that has been introduced into the Northwest Territories as a means of developing local businesses. In many communities, negotiated contracts have helped establish successful aboriginal enterprises. However, there is a perception that negotiated

contracts may be, somehow, less 'fair' than tendered contracts. As well, there have been serious problems with some negotiated contracts. Committee Members feel that all contracts, whether negotiated or tendered, must be better monitored. The Committee also believes that full public disclosure of negotiated contracts would help to ensure that value for money could be assessed.

RECOMMENDATION #4

THE COMMITTEE RECOMMENDS THAT **THE GOVERNMENT** DEVELOP POLICIES AND PROCEDURES FOR PROVIDING FULL PUBLIC DISCLOSURE OF THE DETAILS OF NEGOTIATED CONTRACTS, AND FOR MONITORING ALL CONTRACTS IN ORDER TO AVOID COST OVERRUNS AND POOR MANAGEMENT. FURTHER, THE COMMITTEE RECOMMENDS THAT THIS POLICY AND THESE PROCEDURES BE IN PLACE BEFORE AUGUST 1, 1994, AND THAT COPIES OF THE POLICY AND PROCEDURES BE PROVIDED TO THE STANDING COMMITTEE ON FINANCE.

While negotiated contracts themselves may be controversial, the goals of the concept are not. Members of the Committee are in favour of any reasonable proposal which would employ northerners and invest money into our communities' businesses and infrastructure. For example, the public tendering process should be improved. The Business Incentive Policy (BIP) should be amended to include Northern employment and buy north provisions in labour-intensive contracts. In short, the Government should carefully examine all possible means of improving the Government contracting process in order to maximize Northern employment and economic activity

RECOMMENDATION #5

THE COMMITTEE RECOMMENDS THAT **THE GOVERNMENT** DEVELOP AN OPTIONS PAPER OUTLINING ALL POSSIBLE MEANS OF MAXIMIZING NORTHERN EMPLOYMENT AND NORTHERN SPENDING ON WORK CONTRACTED BY THE GOVERNMENT. FURTHER, THAT THE GOVERNMENT RESPOND TO THE STANDING COMMITTEE ON FINANCE WITH THIS PAPER BY AUGUST 1, 1994.

BUSINESS INCENTIVE POLICY (BIP)

Committee Members are concerned that the Business Incentive Policy 'needs teeth'; that is, that stronger measures are needed to penalize companies who abuse the contract process by violating contract provisions related to the Policy. As well, the Committee feels that the process used to screen contractors and ensure adherence to the Business Incentive Policy requires tightening up.

VIDEO PRODUCTION

The Committee has an ongoing concern regarding video production within the Government. Committee Members are not convinced that the Departments, including Education, Culture and Employment and Renewable Resources require in-house video production facilities. Committee Members feel that existing producers could increase capability to fulfill all G.N.W.T. needs if video production was privatized.

This has been the subject of repeated recommendations from the Committee. If the Government does not provide a cost/benefit analysis for producing videos in-house, the Committee will propose elimination of all funds budgeted for in-house video production.

RECOMMENDATION #6

THE COMMITTEE RECOMMENDS THAT THE **FINANCIAL MANAGEMENT BOARD** IDENTIFY AND ASSESS ALL IN-HOUSE VIDEO PRODUCTION FACILITIES. BASED ON THIS ASSESSMENT, THE STANDING COMMITTEE ON FINANCE SHOULD BE PRESENTED WITH A BRIEFING THAT JUSTIFIES THE CONTINUATION OF IN-HOUSE VIDEO PRODUCTION. THIS BRIEFING SHOULD BE ACCOMPANIED BY SAMPLES OF WORK RECENTLY COMPLETED IN-HOUSE AND BY PRIVATE CONTRACTORS, AND **PRESENTED TO THE COMMITTEE BEFORE MARCH 1, 1994.**

INTERGOVERNMENTAL AND ABORIGINAL AFFAIRS

The Committee was unable to proceed, on two separate occasions, to review the Ministry of Intergovernmental and Aboriginal Affairs Operations and Maintenance budget. This was due to the inability of the Minister, or a representative, to appear before the Committee. Therefore, these estimates will be considered during Session in the Legislative Assembly.

ECONOMIC DEVELOPMENT & TOURISM

The Department of Economic Development and Tourism (ED&T) has long had a reputation of being overly bureaucratic and centralized. This has caused frustration in the Northern business community. However, recent movements by the Department have started to reverse that trend, which the Committee sees as a positive sign. Recent changes to devolve authority should go a long way to making the Department and its programs more accessible to northerners.

DEVOLUTION

However, with this devolution of authority comes risk. Now that the regional superintendents and regional planners have greater granting and lending authority, they will require training and support to wield that authority in the most effective manner. With devolved decision making comes a greater need to ensure adequate training of ED&T staff in the communities, and to ensure more consistency and accountability in the application of the Department's policies. Committee Members will be watching to see that the mechanisms required to ensure proper accountability are being implemented.

Further, the granting of more responsibility and authority to individual ED & T employees in the communities could create new stresses in their relationship with community members. With a significant change in the role that the employee plays in the community, will come a shift in how that individual is perceived in the community. With fewer "levels of appeal" the role that the employee plays in making opportunities available to community members becomes even more critical. Increasing an employee's responsibility and authority could become a major problem in communities where the employee has not earned the respect and trust of community members.

While the Department said that decision making has been devolved, the Committee did not see a corresponding shift of support resources to the regions. Regional employees will undoubtedly require supplementary resources in order to carry out additional responsibilities. Committee Members would like to see this issue addressed by the Department.

SMALL BUSINESS VENTURES

Committee Members feel strongly that the support of small business ventures is a key element in developing a strong economy in the Northwest Territories. Government support of and investment in small businesses or "cottage" industries will produce more jobs per dollar and will greatly enhance a more equitable distribution of economic opportunities throughout the Territories .

The Department should make every effort to demonstrate their appreciation for, and understanding of, the role of small business in our economy, especially in job creation. The development and support of small business ventures, particularly aboriginal businesses, should be encouraged everywhere in the Territories, including the larger centres. Current policies tend to discriminate against aboriginal individuals who live in larger centres. This unintended discrimination is based on the assumption that larger centres provide more opportunities for business development. However, the Department should recognize and address the fact that need and opportunity should be assessed on an individual basis and not on the size or classification of the community.

Members suggested that the Department take an active role in assisting communities to develop specific capabilities (for example, various forms of arts and crafts) and to identify appropriate marketing opportunities. Small business ventures that require a consumer market larger than what currently exists in their home community should be provided assistance to identify and access viable marketing opportunities in other communities or regions.

TOURISM ZONES

One of the Committee's major concerns was about the effectiveness of the Tourism Zones concept. There is a perception that planning and decision-making in some of the zones is dominated by a few individuals from larger communities and by tourism operators, many of whom reside outside of the Territories. Smaller communities in a given zone are not heard or taken into account. The Committee feels that it would be appropriate for the Department to make funding to the various zone associations contingent upon the guarantee of appropriate representation from all communities within each tourism zone.

RECOMMENDATION #7

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM CONSIDER WAYS TO ENCOURAGE ADEQUATE REPRESENTATION OF ALL COMMUNITIES WITHIN A TOURISM ZONE IN THE ZONE ASSOCIATION.

SECONDMENT

One specific issue which brought concern to the Committee was that of a long-term secondment of a G.N.W.T. employee in Rankin Inlet to Piruqsajit. This secondment has continued over a number of years at the Government's expense. However, the current policy regarding secondment clearly states that 'the receiving organization usually pays the full costs associated with the secondment' (*Human Resource Manual*, section 1407, p.2.).

RECOMMENDATION #8

WITH REFERENCE TO THE PIRUQSAIJIT, THE COMMITTEE RECOMMENDS THAT THE **DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM** PROVIDE A COMPLETE JUSTIFICATION FOR THE CONTINUATION OF THIS SECONDMENT AND AN ASSESSMENT OF COMPLIANCE WITH GOVERNMENT POLICY. THIS REPORT SHOULD BE PROVIDED TO THE STANDING COMMITTEE ON FINANCE PRIOR TO THE REVIEW OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM'S BUDGET IN COMMITTEE OF THE WHOLE.

Committee Members believe that the idea of seconding a trained government employee to a new business for a short period of time has merit. If the Government wishes to continue this practice of promoting secondment, then policies and guidelines should be in place to ensure that equal opportunities exist across the Territories.

RECOMMENDATION #9

THE COMMITTEE RECOMMENDS THAT THE **DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM** CONSIDER AND DEVELOP A POLICY FOR SECONDMENT OF GOVERNMENT EMPLOYEES IN NEW BUSINESS VENTURES AND PROVIDE THE STANDING COMMITTEE ON FINANCE WITH A DRAFT POLICY BY MAY 31, 1994.

N.W.T. DEVELOPMENT CORPORATION

The Minister responsible for the Development Corporation (Dev Corp) made it very clear that the top priority for the Corporation is job creation. The Committee fully supports this position and encourages the Dev Corp to continue to create as many jobs as possible for northerners.

Committee Members feel that the Dev Corp can enhance its performance in job creation by focusing on identifying and supporting small business

opportunities. To date the Development Corporation has supported the development of a few large initiatives in a few regions and communities. While the Development Corporation has \$6 million in capital in place for the fiscal year 1994/95, only about \$600,000 of this amount has not been committed to ongoing projects. Most of the large projects are concentrated in one region. There is concern about this approach creating economic disparity among regions and communities.

In addition, the Committee feels that by adopting a strategy to focus on small business opportunities, the Development Corporation can be more cost-effective. The cost per job created will be reduced and the opportunities for individuals increased.

RECOMMENDATION #10

THE COMMITTEE RECOMMENDS THAT THE **DEVELOPMENT CORPORATION** FOCUS ON SMALLER VENTURES, AND ON A WIDER DISTRIBUTION OF ITS LIMITED RESOURCES, THEREBY ENSURING A MORE EQUITABLE DISTRIBUTION OF ECONOMIC SUPPORT AND JOB CREATION ACROSS THE N.W.T. THE COMMITTEE RECOMMENDS, FURTHER, THAT THE CORPORATION PRESENT A PLAN, WHICH INCORPORATES THIS RECOMMENDATION, WITH ITS 1995/96 CAPITAL ESTIMATES.

EDUCATION, CULTURE & EMPLOYMENT

The Committee believes strongly that the education of northerners is one of the most important responsibilities of the Government. In fact, the Standing Committee on Finance would like to see the Government explicitly state that its highest priority is Education.

There are many new initiatives coming from this Department that suggest, at least on the surface, that the Government is taking this responsibility seriously. However, given the Department's lack of strategic planning—or, more precisely, the lack of completion and implementation of a strategic plan—and the apparent size and bulk of the Education bureaucracy, we have concerns that the Department may not be able to implement these initiatives in a timely and effective manner. For this reason, and because similar concerns have been identified elsewhere throughout the Government, the Committee is recommending that a prioritized list of initiatives, with resource requirements and timeframes be developed for each Department. (For the full text of this recommendation, see page 21)

SCHOOL-BASED YOUTH SERVICE MODEL (‘PARTNERS FOR YOUTH’)

Committee Members described a pilot project being implemented in an Edmonton junior high school based on a model called ‘Partners for Youth’. With this model, developed in San Diego, a social services ‘team’ is put together in the school. In the Edmonton example at Wellington Junior High School, the 10-member team includes a nurse, a police constable, a social worker, a probation officer, a therapist, and so on. The goal of the project is to ensure that ‘at-risk and potentially at-risk students and their families’ will have ‘school-based, single entry point access to a range of community services.’

While our schools and communities may not be able to implement such a project on the same scale, the concept of a 'school-based single entry point' is a sound one, in the opinion of Committee Members. The program is designed to require no extra funding; rather, existing resources are re-assigned. We feel this is a project which deserves serious consideration by the Government, as a possible means of helping the youth and their families in the communities of the N.W.T

RECOMMENDATION #11

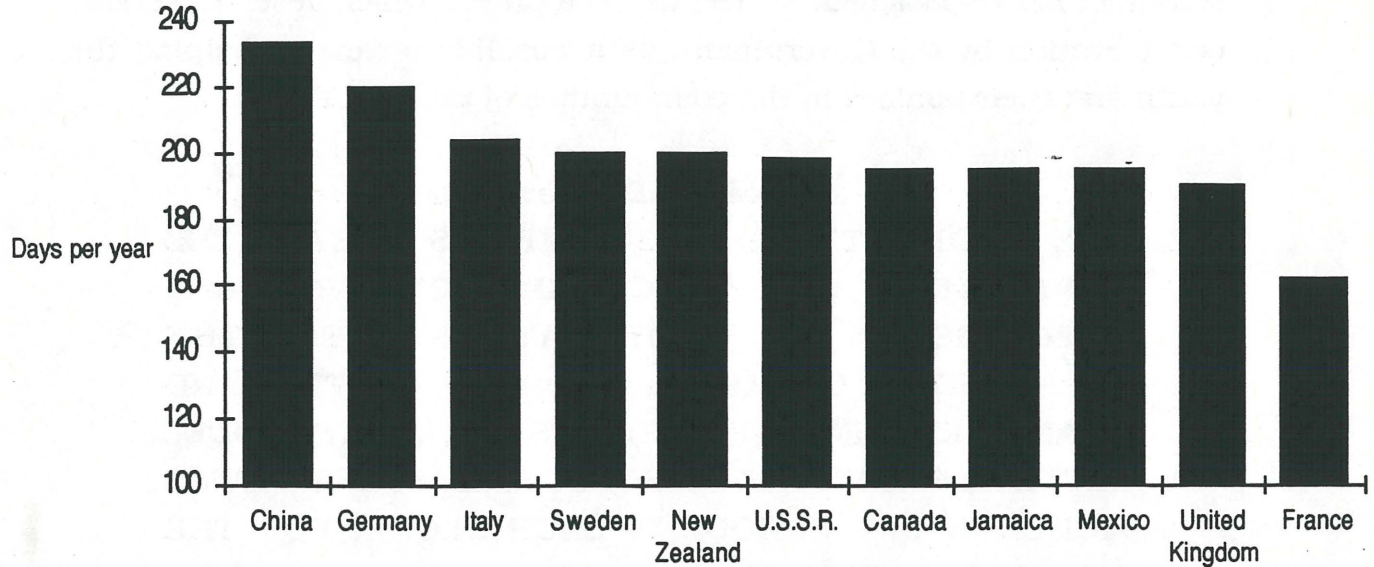
THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF EDUCATION, CULTURE AND EMPLOYMENT, IN COOPERATION WITH THE DEPARTMENTS OF SOCIAL SERVICES, JUSTICE AND HEALTH, EXAMINE THE 'PARTNERS FOR YOUTH' MODEL AND IMPLEMENT PILOT PROJECTS BASED ON THAT MODEL IN ONE SCHOOL IN EACH REGION FOR THE 1994/95 SCHOOL YEAR.

TEACHING DAYS

The Committee is glad to see that the Department has considered increasing the number of teaching days in the proposed new Education Act. A preliminary assessment of how Canada rates in comparison with other countries in the duration of the elementary school year indicates that we fall somewhere in the low mid-range. This is illustrated in Figure 3 on the next page.

Figure 3

Duration of the Elementary School Year



The Committee encourages the Department to pursue this comparison further by reviewing practices and corresponding results in other countries.

STAFF HOUSING

Committee Members are concerned that the failure to build or lease new staff housing, especially in Level 2 and 3 communities, along with recent changes in the Staff Housing policy, which has seen some sales of the government's limited staff housing stock in these communities, might well prove to be a barrier to hiring new teachers in smaller communities where there is little or no private housing market. We encourage this Department to work closely with FMBS, Personnel, and the Housing Corporation to ensure that adequate housing is available for the teachers, and other government employees, in these communities. We are especially concerned about housing for the significant number of new teaching positions identified in the Main Estimates for the Department of Education in 1994/95. When the Department presents its budget, the

Committee will require a plan for meeting the housing needs of each new employee, on a community by community basis.

SPECIAL NEEDS

Many Northern students have special needs that require extra resources. Committee Members are looking forward to the release of the final Special Needs Assessment survey being completed by the Department. The Committee expects that, once the report is released, the Government will see fit to ensure that adequate resources are provided to schools and other agencies to provide for N.W.T. students with special needs. The Department is encouraged to develop innovative approaches to special needs including special schools, if necessary.

RECOMMENDATION #12

THE COMMITTEE RECOMMENDS THAT THE GOVERNMENT COMMIT TO ALLOCATING SUFFICIENT RESOURCES TO THE **DEPARTMENT OF EDUCATION, CULTURE AND EMPLOYMENT** FOR THE 1994/95 SCHOOL YEAR TO MEET THE SPECIAL NEEDS OF NORTHERN STUDENTS.

ARCTIC COLLEGE

The Committee expressed serious concern about financing the various campuses of the College. It appears that campuses which have been the most imaginative, proactive, and successful in attracting third-party funding for their programs have been penalized in this year's budget. This strikes Committee Members as being counter-productive; given the Government's limited resources, any initiatives which enable more and better programs to be provided without using more government funds should be encouraged, not discouraged. We encourage the Minister to develop a formula which will reward, not punish, the most innovative and successful campuses.

RECOMMENDATION #13

THE COMMITTEE RECOMMENDS THAT THE FUNDING FORMULA FOR CAMPUSES OF **ARCTIC COLLEGE** BE DESIGNED TO ENCOURAGE INNOVATION AND SUCCESS IN ATTRACTING THIRD-PARTY FUNDING.

The Committee has a more general concern: the College budget is being reduced at a time when demands are rising. There are a number of factors contributing to this increased demand, including: land claims implementation, mining developments, planning and training for constitutional development. The Department indicated that the new "Investing in People" program will absorb some of this demand but the Committee is very concerned that the one year lead time required for planning and implementation of this new program will cause a serious gap in the availability of training opportunities at a time when public expectations and demands on the College are very high.

RECOMMENDATION #14

THE COMMITTEE RECOMMENDS THAT THE **DEPARTMENT OF EDUCATION, CULTURE AND EMPLOYMENT** PROVIDE A DETAILED REPORT ON THE ANTICIPATED IMPACT ON PROGRAMS OF THE REDUCED 1994/95 BUDGET ALLOCATION TO THE COLLEGE. THE COMMITTEE FURTHER RECOMMENDS THAT THIS REPORT BE PROVIDED **PRIOR TO THE DEPARTMENT'S MAIN ESTIMATES BEING CONSIDERED IN THE COMMITTEE OF THE WHOLE.**

INCOME SECURITY REFORM

The Ministers of Social Services and Education, Culture and Employment presented a new Income Security Reform proposal to the Committee during the budget hearings. This proposal along with the Committee's comments are discussed under the Department of the Executive - Executive Offices. (See page 40)

ACHIEVING EXCELLENCE

Committee Members are concerned that there is not enough emphasis on excellence in our schools. The youth of today will be the leaders of tomorrow—if today's youth are taught only mediocrity and 'getting by', what leadership choices will we have tomorrow?

With the emphasis on reducing the dropout rate and working merely to keep children in school, we can sometimes lose our focus on achievement. School should not be a place where children learn to 'just get by'; it should be a place where they learn to excel.

It is the responsibility of **all** participants in the Education system—teachers, board members, bureaucrats, parents, and especially students—to raise their standards, to do their best, and not merely what's 'good enough'. Teachers and school administrators **must** be encouraged to be frank with students and their parents. If a child is having difficulty, the problem must not be ignored with platitudes and indiscriminate passing from one grade to another; rather, the school, the student, and the parents must work together to address the difficulty as early as possible, before moving on to other areas. A new attitude of excellence will make a tremendous difference in the way students and teachers feel about their schools.

RECOMMENDATION #15

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF EDUCATION, CULTURE AND EMPLOYMENT ADOPT A FOCUS ON EXCELLENCE AS THE FUNDAMENTAL PRINCIPLE OF THE EDUCATIONAL SYSTEM, AND IMPLEMENT A PLAN BY THE 1994/95 SCHOOL YEAR TO MONITOR THE ACHIEVEMENT OF NORTHERN STUDENTS AND TO CONTINUALLY STRIVE TO HELP NORTHERN STUDENTS ACHIEVE EXCELLENCE IN THEIR STUDIES.

STANDARDIZED TESTING

In recent standardized achievement tests administered across the country, students from the N.W.T. generally scored the lowest. These are unfortunate results. The Committee is concerned not only by the results themselves but even more so by the reaction to those results. The reaction to a poor performance in standard tests should not be defensive. Rather, attention should be focused on developing ways and means to help our students achieve as well as or even better than other Canadian youth.

One of the more undesirable spin-off effects of these results is that they imply to educators across the country that, for example, an N.W.T. Grade 12 diploma isn't as valuable as a Grade 12 diploma awarded elsewhere. Committee Members believe that if the education we provide our youth isn't portable, it is not very valuable. It means that we are preparing our students only for life in their home communities, but not for life in Canada. This is not acceptable.

So when these tests tell us our students are behind their fellow Canadians, we shouldn't point fingers, or try to lay blame. What we should do is sit down and say 'How can we improve? What do we have to do?' And then we should do it.

RECOMMENDATION #16

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF EDUCATION, CULTURE AND EMPLOYMENT MAKE A COMMITMENT TO UNDERTAKE THE FOLLOWING;

- TO CONTINUE TO PARTICIPATE IN STANDARDIZED TESTING AND EXAMINE THE RESULTS OF THE TESTS;
- TO OBJECTIVELY COMPARE NORTHERN STUDENTS TO THE NATIONAL AVERAGE AND DETERMINE THE REASON FOR ANY SIGNIFICANT DIFFERENCES; AND
- TO DEVELOP STRATEGIES TO HELP STUDENTS ACHIEVE AT LEVELS COMPARABLE TO OTHER STUDENTS IN CANADA.

FURTHER, THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT RESPOND TO THE STANDING COMMITTEE ON FINANCE WITH AN ANALYSIS AND INITIAL STRATEGY BY JANUARY 1, 1995.

VIDEO PRODUCTION

A recommendation which covers the need to provide a cost-benefit analysis for in-house video production is contained in the Executive section of this report, under the Financial Management Board Secretariat. (See page 49)

'STAY IN SCHOOL'

The Committee is glad to see that the Department has implemented a community-based 'Stay in School' strategy. The education of today's Northern youth is critical to the future of the North, and any strategy

that is effective in convincing young northerners to stay in school and complete their education is a worthwhile one. We encourage the Department to continue developing this strategy and incorporate measures by which its success can be gauged.

DAY CARE AND SCHOOLS

In keeping with the Department's 'Stay in School' strategy, the Committee was glad to hear about the Department's plans to incorporate day care spaces into schools. Not only will this give young mothers a chance to attend school without major inconvenience to their children, it could also provide the opportunity for schools to teach courses in parenting skills. Opportunities to learn parenting skills could be available both to young mothers and fathers, as well as to other youth who should be prepared for eventual parenthood.

Committee Members do suggest, however, that the Department avoid disrupting existing community day-care facilities. Where possible, day-care spaces should be developed with the cooperation of existing facilities. If the opening of a school day care would cause the closing of a community day care, then alternate arrangements should be developed. The Committee encourages the Department to be flexible and innovative in this important area.

ENERGY, MINES AND PETROLEUM RESOURCES

The Department of Energy, Mines and Petroleum Resources can have a significant role in developing the economy of the North. We encourage the Department to work closely with other departments, especially Economic Development & Tourism, Transportation, and the N.W.T. Power Corporation. Such cooperation could lead to a number of promising developments which could provide employment and other benefits to northerners.

MINERALS ACCORD/NORTHERN ACCORD

The Committee strongly supports the Department's efforts in trying to finalize devolution of responsibility for minerals and oil and gas from the Federal Government. Members urge the Department to recognize the importance of involving aboriginal groups, at various stages of claims negotiations and settlement, in the finalization of this devolution.

The Committee notes that the Department has been working on this particular aspect of devolution for about the last seven years. In addition, Committee Members have been concerned that federal bureaucrats have not expressed a strong will to complete these negotiations. On the other hand, the Committee was encouraged to hear the following comments made by the new Prime Minister in his address to our Legislative Assembly on November 17, 1993.

" I would just like to tell you that we will talk about the problems, one by one. We have to carry on with the job of determining the territorial creation of Nunavut and the development of the constitutions. We will have to work in collaboration with the people who will be developing the constitution. I will talk to you about the need to finish the transfer of responsibilities to the territorial government at a pace determined by you. It will take some time and we don't want to impose anything on you.

....Prime Minister Jean Chretien

RECOMMENDATION #17

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF ENERGY, MINES AND PERTROLEUM RESOURCES, INVOLVE CONCERNED ABORIGINAL GROUPS AND FINALIZE THE DEVOLUTION OF RESPONSIBILITY FOR MINERALS AND OIL AND GAS FROM THE FEDERAL GOVERNMENT.

Committee Members feel that the 'package' approach for negotiating with the Federal Government may help here, and that this Department and concerned aboriginal organizations should be active participants in the continuing development of the 'package' and its accompanying short and mid term negotiating strategy.

As well, the Committee encourages the Department to continue development of a short term strategy for maximizing benefits to northerners from upcoming mining development, until such time as the Minerals Accord is completed. With promising diamond and zinc finds north of Yellowknife, there could be much economic benefit to the North. By working with other Departments and communities, this Department could help find ways to encourage new mines to hire northerners, involve more northerners in prospecting, or to trigger and support new infrastructure developments such as hydro development and a transportation corridor to Coppermine.

FINANCE

REORGANIZATION OF THE DEPARTMENT

A number of functions previously housed in this Department have been transferred to the Financial Management Board Secretariat in the Department of the Executive. The Department of Finance retains responsibility for external financial arrangements. All revenue generation functions are integrated in this Department, including taxation and negotiations with the Federal Government.

The Committee feels that the Government may have gone too far in "streamlining" this Department and as a consequence diminished the traditional role of the Department and the Finance Minister as the fiscal watchdog of the government and a counterbalance to the more political Financial Management Board.

PROPERTY TAXATION

The issue of property taxation was discussed with this Department and with the Department of Municipal and Community Affairs. The Committee feels that there are three issues related to property taxation that must be addressed. The first issue stems from the fact that Treaty people claim exemption from paying taxes, most notably school taxes. Some treaty people living on lands reserved for Indians have never been taxed, whereas, their treaty neighbors living on Commissioner's land have huge accumulated arrears. The longer the situation is unresolved, the worse the confusion becomes. Committee Members feel that this issue has been outstanding for too long and that it requires that the Government develop a strategy to deal with it.

Second, the Committee feels that property taxation is not administered fairly and equitably across the territories. The tax rates for property owners in the General Taxation Area are very low compared to tax rates in the tax based municipalities. There is an additional concern that the

low rates in the General Taxation Area may be acting as a barrier to some communities in attaining autonomy through achieving a tax based status.

Third, Committee Members recommend that the Department consider restoring the homeowners' property tax rebate to its previous level or alternatively developing a new program which provides an incentive for Territorial residents to own their own home. Members feel that the rebate was an important incentive program, and that cutting it, without replacement, was premature.

Therefore, the Committee recommends that:

RECOMMENDATION #18

THAT THE **DEPARTMENT OF FINANCE** TAKE THE LEAD ROLE, WITH THE **DEPARTMENTS OF EDUCATION AND MUNICIPAL AND COMMUNITY AFFAIRS**, TO REVIEW THE TAXATION POLICY IN GENERAL TAXATION AREAS AND DEVELOP A PLAN TO RESOLVE ALL OUTSTANDING ISSUES IN THIS AREA, WITH PARTICULAR REFERENCE TO TREATY CONCERNS. THIS PLAN, INCLUDING INCENTIVES TO HOME OWNERSHIP, SHOULD BE AVAILABLE FOR REVIEW BY THE STANDING COMMITTEE ON FINANCE DURING ITS REVIEW OF THE 1995/96 OPERATING AND MAINTENANCE ESTIMATES.

INVESTMENT POLICY

The investment decisions made by Government tend to be very conservative where the economic climate is portrayed very negatively. Opportunities for creative investment are overlooked. The Committee encourages the Government to reconsider its overall investment policy. More specifically, the Members would be interested in exploring further opportunities such as the development of a Mortgage Investment Corporation. The Committee understands that the Government is currently investigating this possibility and encourages the timely completion of this important review.

MORTGAGE INVESTMENT CORPORATION

Committee Members understand that the Government is considering a mechanism such as the establishment of a Mortgage Investment Corporation to help address the housing shortage. Using a one-time capital investment from current resources, to lever additional capital, to invest in homes for northerners is a concept worthy of further consideration. As long as excessive overhead and bureaucracy can be avoided, the Committee feels that such a corporation could prove to be a good investment.

RECOMMENDATION #19

THE COMMITTEE RECOMMENDS THAT THE GOVERNMENT CONTINUE TO INVESTIGATE MECHANISMS SUCH AS A MORTGAGE INVESTMENT CORPORATION AND PROVIDE A STATUS REPORT TO THE COMMITTEE BY AUGUST 1, 1994.

HEALTH

Of all Departments reviewed, this is the one that gives the Committee most cause for concern. Committee Members are extremely frustrated with the absence of leadership and the lack of responsiveness demonstrated by this Department.

Although, on the surface, the Department appears to be doing all right in a fiscal sense, Committee Members are disappointed with many other aspects of the Department's work. The Department's management appears too clinical and technical, and lacking sensitivity to the needs of their clients. Cultural values and traditional knowledge are often ignored. The Department has not responded to recommendations of Committees of the Legislative Assembly or the Auditor-General. The management style of the Department of Health is characterized by reacting to crises, with no planning or policy development. The Department appears, in fact, to be operating in a policy vacuum.

A specific example, brought to the attention of the Committee, involves medevac policy. The Government of the Northwest Territories assumed responsibility for the delivery of health care in 1988. Medical evacuation flights are a key component of acute health care. It is, therefore, incomprehensible that the Department is only now starting to create a policy and develop standards regarding medevacs.

The Committee is aware that there are many people working on the front line, delivering health services, who are dedicated, committed and responsive to the needs of their clients. Members observe a growing sense of frustration among these people as well. It is at the senior management level that drastic and immediate action is required.

Although the Minister indicated that departmental responses to previous recommendations are about to be published, they were not yet available to the Committee at the time of this writing. Countless

recommendations have been directed at this Department for years, with no satisfactory response. Many of the recommendations not yet addressed by the Department are two or three years old, and there is no excuse for the Department's failure to respond. The Standing Committee on Finance is adamant about the need for the Department to demonstrate significant improvement in the next fiscal year.

Since the budget presented for the Department of Health contains no apparent provision for responding to Committees of this Legislature, the Standing Committee on Finance will not recommend approval of the Department's budget until an adequate response to the following recommendation has been received.

RECOMMENDATION #20

THE COMMITTEE RECOMMENDS THAT THE **DEPARTMENT OF HEALTH** DEVELOP A CONCRETE PLAN FOR IMPLEMENTING THE RECOMMENDATIONS OF THE FOLLOWING GROUPS:

- THE AUDITOR-GENERAL OF CANADA;
- THE STANDING COMMITTEE ON PUBLIC ACCOUNTS;
- THE SPECIAL COMMITTEE ON HEALTH AND SOCIAL SERVICES;
- THE STANDING COMMITTEE ON AGENCIES, BOARDS AND COMMISSIONS; AND
- THE STANDING COMMITTEE ON FINANCE.

THE COMMITTEE FURTHER RECOMMENDS THAT THE DEPARTMENT REPORT ON HOW THEY PLAN TO IMPROVE POLICY DEVELOPMENT CAPABILITY WITHIN THE DEPARTMENT. **THE COMMITTEE EXPECTS THE DEPARTMENT TO PRESENT ITS IMPLEMENTATION PLAN AS A PREREQUISITE TO APPROVAL OF THE DEPARTMENT'S 1994/95 BUDGET.**

JUSTICE

RIVER RIDGE REVIEW

The Committee is glad to see the Minister addressing the River Ridge Young Offenders' facility and concerns related to its triple designation. We await the results of the review of River Ridge—and of the facilities in Iqaluit and Hay River as well—which the Minister instituted following the recent difficulties at River Ridge. Committee Members noted that the Minister expects the review to be completed before the end of the Fifth Session of the Twelfth Assembly.

RESOURCE ALLOCATION TO THE DEPARTMENT

The Committee is concerned that the Minister talked about feeling 'fleeced' of resources to fulfill his Department's mandate. It is the Minister's responsibility to make a strong and forceful case at the Cabinet table for the resources needed to meet the objectives of the Department.

POLICE SERVICES

Concerns have been expressed by many communities, large and small, about the lack of adequate police resources.

RECOMMENDATION # 21

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF JUSTICE UNDERTAKE A COMPREHENSIVE STUDY TO DETERMINE COMMUNITY POLICING NEEDS AND TAKE THE NECESSARY STEPS TO ENSURE THAT ALL COMMUNITIES IN THE N.W.T. HAVE ADEQUATE POLICING PROTECTION.

COMMUNITY JUSTICE

A fundamental difficulty with the administration of justice in the North is that we have a justice system developed by one culture being applied to others. The First Nations of the North have a very different view of 'justice' than do the mostly-European immigrants who introduced our present justice system. This makes the Department of Justice's task quite a difficult one.

While the Department has undergone some reorganization to help them do their job, the Department still has a way to go to establish a presence at the community level. Communities have, for many years, felt that they have not seen the workings of the Department except through the presence of the RCMP and the court circuits. Community justice specialists should help communities to access available funding to develop and implement programs at the community or regional level. They can then, with the Department's help, set up community policing programs like those currently operating in Coral Harbor and Fort Good Hope, or 'on the land' programs for offenders. As well, community justice specialists should provide advice about individual rights under the justice system, how justice procedures work in the North, and so on. The Committee expects these new community justice specialists to be proactive.

FIREARMS LEGISLATION AND SAFETY TRAINING

We are disappointed with some aspects of the new Federal firearms legislation, soon to take effect in the N.W.T.. The Committee recognizes the increasing number of fatal shooting accidents and supports the need for safety training, especially for youth. However, requirements such as those for the storage and locking of firearms are cumbersome and will clearly interfere with traditional hunting practices. Compliance will therefore be difficult or perhaps in some cases impossible.

RECOMMENDATION #22

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF JUSTICE MAKE EVERY POSSIBLE EFFORT TO ENSURE THAT THE NEW FEDERAL FIREARMS LEGISLATION, WHICH HAS ALREADY BEEN PASSED, IS APPLIED IN THE NORTHWEST TERRITORIES SO AS TO INTERFERE AS LITTLE AS POSSIBLE WITH HUNTING METHODS WIDELY PRACTICED BY NORTHERN HUNTERS AND FAMILIES.

ZERO TOLERANCE FOR VIOLENCE

The Committee recognizes and supports the Minister's efforts in developing a strategy for dealing with violence in the N.W.T. and in moving forward with the Declaration on Family Violence on behalf of the Legislative Assembly of the Northwest Territories. The declaration states that the Legislature of the N.W.T. "adopts the principle of Zero Tolerance of violence against all people and endorses the goal of eliminating family violence by the year 2000".

However, the Committee, during the review of the Main Estimates, did not see any clear indication of how these goals were going to be achieved. There appears to be few, if any, new resources in this Department or in any Department which are allocated to making this a reality. The Committee addresses this issue more fully, in this report, in the section on Social Services.

RECOMMENDATION # 23

THE COMMITTEE RECOMMENDS THAT THE **DEPARTMENT OF JUSTICE** CONTINUE TO ASSUME THE LEAD ROLE AND WORK WITH THE DEPARTMENT OF SOCIAL SERVICES TO DEVELOP AN ACTION PLAN FOR ELIMINATING VIOLENCE AGAINST ALL PEOPLE BY THE YEAR 2000. THE DEVELOPMENT OF THE ACTION PLAN SHOULD TAKE INTO ACCOUNT THE RESULTS OF THE **JUSTICE HOUSE** REPORT, THE **FAMILY LAW REVIEW** AND **BUILDING A STRATEGY FOR DEALING WITH VIOLENCE IN THE N.W.T.** A PRELIMINARY REPORT ON THE OVERALL STATUS OF THIS INITIATIVE SHOULD BE MADE AVAILABLE TO THE STANDING COMMITTEE ON FINANCE AT LEAST ONE WEEK PRIOR TO ITS REVIEW OF THE 1995/96 CAPITAL BUDGET.

'PARTNERS IN YOUTH'

The 'Partners in Youth' project being piloted in Edmonton was discussed under Education. We strongly recommend that the Department of Justice participate with the Departments of Education and Social Services in implementing such a proposal in selected Northern schools on a pilot basis.

LEGISLATIVE ASSEMBLY

COMMISSIONER OF OFFICIAL LANGUAGES

In her opening remarks to the Committee, the Speaker noted that there is some confusion and concern regarding the reporting relationship between the Languages Commissioner and the Legislative Assembly. This relationship has never been clearly established and the Language Commissioner noted this fact in her Annual Report to the Legislative Assembly.

RECOMMENDATION #24

THE COMMITTEE RECOMMENDS THAT THE LEGISLATIVE ASSEMBLY ESTABLISH AN OVERALL REPORTING RELATIONSHIP FOR THE LANGUAGES COMMISSIONER SUCH THAT OVERALL REPORTING IS TO THE ASSEMBLY AND FINANCIAL REPORTING IS THROUGH THE STANDING COMMITTEE ON FINANCE. THE COMMITTEE FURTHER RECOMMENDS THAT, IN FUTURE, THE LANGUAGE COMMISSIONER SHOULD APPEAR BEFORE THE STANDING COMMITTEE ON FINANCE TO DEFEND HER BUDGET.

EDUCATION PROGRAM

The Speaker outlined, for the Committee, the Education Program which is in the final stages of being developed. This program provides for public education for visitors to the Legislative Assembly, and also for our youth in schools and colleges to learn about our system of government. The Committee would like to see sufficient resources allocated to the Education Program to allow the Speaker to introduce it in a number of communities throughout the Territories.

PAGES PROGRAM

Committee Members support the Pages program that is currently being developed in the Clerk's Office. The purpose of this program is to encourage MLAs to recruit more students, from across the Territories, to serve as Pages in the Legislative Assembly and become more aware of the political process.

RECOMMENDATION #25

THE COMMITTEE RECOMMENDS THAT THE LEGISLATIVE ASSEMBLY COMPLETE THE DEVELOPMENT OF THE PAGES PROGRAM AND ENSURE THAT SUFFICIENT RESOURCES ARE ALLOCATED SO THAT THE PROGRAM CAN BE SUCCESSFULLY IMPLEMENTED .

MUNICIPAL AND COMMUNITY AFFAIRS

The Committee is generally impressed with the progress of the Department. The overall impression is one of competence and ability, and we look forward to seeing the Department continue to meet the needs of the N.W.T.'s municipalities as well as it has.

While we recognize that the Minister of this Department is new to Cabinet, we encourage him to manage proactively, and to take a lead role in guiding the Department's actions.

PROPERTY TAXATION

There are a number of issues related to property taxation that the Department should consider. These issues—payment of property taxes by status native people, low taxation rates in the General Taxation Area, and incentives to home ownership—are addressed in Recommendation # which is recorded under the Department of Finance. The Committee recommends that this Department work with the Departments of Education and Finance in developing a plan to resolve outstanding issues in this area.

THE IQALUIT SITUATION

The Committee is concerned about the events leading up to the dissolution of the Iqaluit municipal council. That dissolution, and the appointment of an outside administrator, took members by surprise. While we appreciate the Cabinet felt it had valid reasons for taking the action it did, we believe that such surprises are to be avoided. There should be clear policies and processes in place that would allow municipalities and other concerned parties to know what to expect.

RECOMMENDATION #26

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF MUNICIPAL AND COMMUNITY AFFAIRS REVIEW ITS POLICIES, PROCESSES, AND LEGISLATION REGARDING DISSOLUTION OF MUNICIPAL COUNCILS, AND AMEND THEM AS NECESSARY TO ESTABLISH A CLEAR AND UNDERSTANDABLE PROCESS. FURTHER, THAT THE DEPARTMENT RESPOND TO THE COMMITTEE WITH THE AMENDMENTS BY AUGUST 1, 1994.

COMMUNITY DEVELOPMENT

The Committee noted that the Department has, over the last few years been allocating capital resources to communities that were in need of basic municipal infrastructure. While these efforts are commendable, they do not fully address the overall needs of these small developing communities. These communities need support to strengthen themselves. They require assistance in the administration of the municipality and the infrastructure which is being developed.

RECOMMENDATION #27

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF MUNICIPAL AND COMMUNITY AFFAIRS IDENTIFY COMMUNITY DEVELOPMENT IN SMALLER COMMUNITIES AS A PRIORITY AND DEVELOP A PLAN WHICH SPELLS OUT HOW THE DEPARTMENT WILL ADDRESS THIS PRIORITY. THIS PLAN SHOULD BE AVAILABLE TO THE COMMITTEE PRIOR TO ITS REVIEW OF THE 1995/96 CAPITAL ESTIMATES.

TRAINING

In last year's report, the Committee recommended that the Department 'improve its community development activities, [and] develop ... a more relevant management training program for municipal Councils and staff.' The Department has responded with descriptions of the programs they are developing. However, the Committee would like to see more details about the training programs. Committee Members also suggest that the Department seriously consider ensuring that the resources available through Arctic College are being used appropriately, rather than relying too much on southern institutions.

SPORT AND RECREATION

The Members of the Committee all expressed support and appreciation for the efforts the Department makes in organizing athletes for the biennial Arctic Winter Games. Athletic competition is an important way for the youth of the North to strengthen themselves and learn about others, and the Games and other competitions should continue to be encouraged and supported.

During the Committee's review, it was noted that some small communities anticipated having difficulty hosting regional trials, territorial trials, aboriginal games, or the Arctic Winter Games themselves. We suggest that the Department encourage smaller communities to group together and bid for aboriginal games and Arctic Winter Games where feasible, and that the Department also encourage smaller communities to bid for regional and territorial trials. As well, Committee Members urge the Department to consider providing more substantial financial support for host communities when the Games are held in the N.W.T..

The Committee is aware that the Department has supported participation in the Indigenous Games on a case by case basis. Members would like to see a process developed, similar to that used for the Arctic Winter Games, to ensure equal opportunities are available for participation in the Indigenous Games.

FIRE PREVENTION AND EDUCATION

Committee Members identified fire prevention and education as an area in which this Department could cooperate with the Office of the Fire Marshal in the Department of Safety and Public Services (S&PS). The Committee will recommend that this Department assist S&PS in examining the feasibility of creating positions for community 'fire chiefs' to lead communities in this important area.

N.W.T. HOUSING CORPORATION

The Minister stated that dealing with the consequences of the Federal withdrawal of funding for new social housing construction is the government's number one priority. Committee Members appreciate the Minister's efforts in meeting with the new Federal Government to encourage the reinstatement of funding support. The Committee also recognizes efforts aimed at finding new alternatives. This includes the Minister's participation on the new Ministerial Sub-Committee which, Committee Members understand, was established to consider the unique housing problems of northerners. However, we recognize that it will be difficult to persuade the Federal Government to restore or replace the funding that was recently cut. The Committee sincerely hopes that the Minister can find other ways of funding the serious social housing needs of the North.

The Committee would like to emphasize that the efforts of the Government of the Northwest Territories to restore funding for social housing must not, in any way, interfere with or attempt to supersede the fiduciary responsibility of the Government of Canada to provide housing to its aboriginal people. Canada's aboriginal people were encouraged to come off the land with the promise that housing would be provided for them. They came in off the land and now funding for housing has been cut by the federal government. The irony of these funding cuts, for northern residents, is that funding is still available to aboriginal people who live on reserves. The relative absence of reserves in the North means that equivalent funding support is not available to provide housing to northern aboriginal people. The Committee encourages the Minister to negotiate a solution to our unique housing problem, so that Northern aboriginal people are not penalized merely because they do not live on reserves.

The Committee applauds the Department's recent trend of devolving more responsibility to local housing authorities. As the Minister pointed out, 'the more that can be done at the community level, the more efficient it usually becomes, and the more responsible people become.'

CORPORATION OR DEPARTMENT?

The Committee agrees with the Minister that the Corporation's budget and activities should be streamlined and made as efficient as possible. If changing the Corporation into a Government Department will provide cost savings (such as the possibility of not having to pay GST) that can be turned into additional housing, then so much the better. We would like to see the review of the Corporation's operations focus on cost savings and efficiency, and not merely reorganization for the sake of reorganization. As well, the Corporation should facilitate innovative approaches to lever private capital. The Committee looks forward to hearing from the Minister following the results of the review.

The Committee is concerned that, since the dissolution of the Corporation's Board of Directors, financial accountability has been diminished. Members suggest that, until such time as the status of the Corporation is resolved, the Housing Corporation be accountable to the Standing Committee on Finance for a full review of the its capital and main estimates.

RENT REVIEW

The Minister explained to the Committee that rent revenue is one of the factors taken into account when negotiating with the federal government on the formula funding agreement. Further, he said that the G.N.W.T. will be penalized in these negotiations with the federal government if rent scale for N.W.T.H.C. tenants are not revised.

The Committee recognizes that a change in the rent scale for N.W.T.H.C. tenants is also needed to adequately cover the Corporation's costs. We also know that the present rental system is unfair and that increases are

required to ensure fairness and equity, not only among communities across the N.W.T., but also with the private housing market.

Nevertheless, the Committee is very concerned that the Corporation keep its tenants informed about anything affecting their tenancy. It is incumbent on the Corporation to take the initiative to make sure its tenants are as well-informed as possible as early as possible. Committee members appreciate the Corporation's efforts, so far, to consult the communities and people affected but advise that these efforts must be stepped up and continued.

N.W.T. POWER CORPORATION

Since the Government of the N.W.T. took over the Power Corporation, the Corporation has improved greatly in every way, including service, responsiveness, and profitability. The most notable recent development was the signing of an agreement with the Dogrib Development Corporation to build new hydroelectric facilities. Such cooperation with local organizations and people will do nothing but good for the North.

The Committee would like to see results of the customer satisfaction survey that the Corporation was to have undertaken. Given past complaints about the Corporation's performance, we feel that the results of such a study would be of great benefit to the Corporation's service record.

Committee Members also expressed a desire for the Corporation to put more effort into exploring alternative energy sources. Any initiative which might bring down costs to consumers should be carefully investigated by the Corporation. The Power Corporation is an important economic and social instrument that should continue to play an important role serving the people of the North in cooperation with the Government of the Northwest Territories.

PERSONNEL

THE IMPACT OF REORGANIZATION

Personnel has essentially been stripped. Three functions remain. These functions are recruitment, workforce adjustment and staff housing. There are plans to downsize the Department even further by transferring the staff housing function to the Housing Corporation by April 1, 1994.

Committee Members are very disappointed that the Minister of Personnel does not seem to have a specific direction or set of goals in mind for the Department. During her appearance before the Standing Committee, the Minister deferred discussion of the Department's future to the Government Leader. If the Minister finds it necessary to defer such discussion, then perhaps we no longer require a separate Minister of Personnel. In any case, Committee Members feel that the issue of the Department's future should be resolved quickly.

STAFF HOUSING STRATEGY

During its review of the 1993/94 Main Estimates, the Committee recommended that the Department of Personnel monitor the impact of the staff housing strategy, especially on the Affirmative Action program. The Department responded by saying that it has not undertaken this impact analysis. The Committee is concerned that the Department was unable to respond positively to this recommendation, particularly in light of the controversy surrounding the implementation of this strategy.

Committee Members are concerned about the "selling off" of staff housing in communities where housing options are limited. There are four primary reasons for this concern. First, the result in some communities could be that the Government would not be able to recruit new staff due to the lack of housing. Second, it could create the situation in some communities where the government sells staff houses at a lower than replacement cost and then is forced to turn around and

build additional housing at premium prices to meet the demand for staff and social housing. Third, government owned houses could be purchased at a minimum price and then leased back to the Government at maximum rates for staff and social housing. Finally, in some communities, particularly Level 111 communities, where public housing does not exist, staff houses may represent the only housing that is available in the community. Committee Members feel that the government should not be selling staff housing in communities where this is the case.

These consequences may not have been anticipated in the development of the staff housing strategy but must be considered at this time in order to ensure equal access to housing across the Territories. Committee Members feel that this policy was not well thought out initially and therefore, the Government is encountering a great deal of difficulty in undertaking its implementation.

Given the need for social housing throughout the N.W.T., and the concern that the federal cut backs to social housing may force the G.N.W.T. into providing social housing, there is some concern we may be selling off government owned houses only to have to build new social housing at a much higher cost.

RECOMMENDATION # 28

THE COMMITTEE RECOMMENDS THAT, NO FURTHER PUBLIC SALE OF GOVERNMENT OWNED HOUSING TAKE PLACE IN LEVEL II AND III COMMUNITIES UNTIL THE GOVERNMENT HAS PROVIDED A REPORT ON THE NEED FOR SOCIAL HOUSING IN THE COMMUNITIES, AND A STRATEGY FOR DEALING WITH THAT SHORTFALL.

Committee Members feel that the staff housing strategy is not at all clear. Guidelines and rules are difficult to determine. The Committee recommends that the Minister of Personnel present a clear written explanation of the strategy and the implementation of the associated rules and guidelines when the Department's budget is being considered in Committee of the Whole.

RECRUITMENT

The Committee is pleased to note that the Department is doing more recruitment in the North. As well, the Committee was impressed with the recent direction the Department has taken in order to reduce southern advertising costs. Committee Members encourage the Department to continue with these efforts.

PUBLIC WORKS AND SERVICES

GOVERNMENT CONTRACTS AND LOCAL EMPLOYMENT

The Committee is in favour of initiatives that will maximize opportunities for local employment on Government contract work. However, the Department of Public Works and Services must work with other Departments to improve the policy and procedures surrounding negotiated contracts, and in considering possible alternatives to negotiated contracts. We also look forward to seeing the results of the review of the Business Incentive Policy (BIP), and encourage the Government to strengthen BIP—and, in fact, the entire public tender process—in order to maximize local employment. This issue of government contracts is discussed, in this report, in the section on the Financial Management Board Secretariat.

PRIVATIZATION INITIATIVES

Committee Members were glad to see the Department's recent privatization initiatives, including the Publications and Printing Division. The Committee encourages the Department to continue examining possible areas for privatization, such as Warehousing and Records Management.

Specifically, some concern was raised about Records Management and its apparent disarray. Committee Members expressed frustration and discouragement at the difficulties and delays seen in the reform of this important area. We urge the Minister to address this problem immediately, and not to be put off by the apparent magnitude of the task. Even if the Government's records must be organized slowly, one year's worth at a time, any initiative in this area will be an improvement. And if the private sector is more willing to tackle this job immediately, then they should be given that opportunity.

OFFICE ACCOMMODATION

The Committee expressed concern at the drastic reduction to plans for office accommodation for headquarters employees. Office accommodation standards directly affect the productivity of government employees, and we are concerned that these reductions will have an adverse affect on that productivity. This concern was also noted in the Standing Committee on Finance's Report on the 1994/95 Capital Estimates.

In addition, Committee Members noted, during the capital review, that by going to public tender, rather than overholding leases, the Government could most likely accommodate headquarters personnel much more cost effectively. The Committee recommended, following the capital review, that the Department review the Yellowknife office plan and resubmit estimates for office renovations and tenant improvements for 1994/95.

The Department of Public Works and Services provided the Committee with another briefing on office accommodation for headquarters personnel, during the Committee's review of the departmental Operations and Maintenance Budget. The briefing included a description of two different versions of the accommodation plan and the associated costs but did not include a reassessment of renovation costs based on the current commercial real estate market.

RECOMMENDATION #29

THE COMMITTEE RECOMMENDS THAT THE **DEPARTMENT OF PUBLIC WORKS AND SERVICES** DEVELOP THE OFFICE ACCOMODATION PLAN THAT MOST EFFECTIVELY AND EFFICIENTLY HOUSES HEADQUARTERS PERSONNEL. THE COST BENEFIT ANALYSES WHICH ACCOMPANY THE PLAN SHOULD BE BASED ON A CONSIDERATION OF SAVINGS THAT COULD BE ACHIEVED IN THE CURRENT COMMERCIAL REAL ESTATE MARKET. THIS PLAN, ALONG WITH THE COST BENEFIT ASSESSMENT, **SHOULD BE MADE AVAILABLE TO THE STANDING COMMITTEE ON FINANCE PRIOR TO REVIEW OF THE DEPARTMENTS BUDGET IN COMMITTEE OF THE WHOLE.**

THE COMMITTEE FURTHER RECOMMENDS THAT THE DEPARTMENT GO TO PUBLIC TENDER FOR ALL ASPECTS OF RATIONALIZING OFFICE ACCOMODATION IN YELLOWKNIFE, INCLUDING MOVING AND IMPROVEMENTS IN ADDITION TO THE SPACE ITSELF, STARTING WITH THE 1994/95 FISCAL YEAR.

UPCOMING STUDIES

The Committee notes the studies forthcoming which relate to this Department's mandates, including warehouse privatization, Keewatin resupply, and Informatics. Committee Members would like the Minister to arrange briefings to the Committee when these studies are complete. This will allow the Committee to make informed recommendations to the Government based on the results of those studies.

RENEWABLE RESOURCES

RENEWABLE RESOURCE DEVELOPMENT STRATEGY

The Minister informed the Committee that the Department is currently developing a comprehensive renewable resource development strategy. The strategy will be consistent with the government's 1990 economic development strategy and will add two important elements: subsistence harvest activities and resource management activities. The proposed renewable resource development strategy will describe the value, objectives and potential initiatives within six renewable resource sectors: fur, wildlife, forests, fisheries, marine mammals and agriculture. Committee Members look forward to the opportunity to review this strategy when it is completed.

DEPARTMENTAL OBJECTIVES

In the Department's budget, over 30 Definitive Objectives were identified. In keeping with our earlier recommendation that Definitive Objectives be specific, attainable, measurable, and should include milestone and target dates, we are concerned that this Department's list of Objectives might not be achievable. Committee Members encourage this Department to thoughtfully consider their annual list of Objectives and ensure they meet with the criteria recommended by the Committee.

FOREST FIRE MANAGEMENT

The Committee recognizes that 1993 was a bad year for forest fires in the N.W.T.. The Department was forced to spend \$16 million on forest fire suppression last year, instead of the \$7 million budgeted. While Committee Members realize that the number and size of fires to fight is completely out of the Department's control, we would like to see an analysis of the costs of fire suppression since the job of fighting forest fires was taken over from the Federal Government. It may well be that the yearly ups and downs in forest fire expenditures are 'balancing out'

over time; however, if we are continually spending more than we budget over the long run, we should know that now. We expect the Minister to respond with that cost analysis immediately, in order that the issue can be considered when the Department's budget is raised in the House.

ENVIRONMENTAL PROTECTION

Committee Members expressed concern about the way in which the Department is moving towards taking over the responsibility for environmental protection in the North such as monitoring air quality. The Department must be careful not to take over tasks which are clearly the Federal Government's responsibility. The Department must also work closely with the Federal Government in order to ensure that there is no duplication of effort and that the Federal Government carries out its legislated responsibility in the N.W.T. There should be no 'gray areas' where neither side is clear about where the responsibility lies.

MEAT INSPECTION

The Committee is glad to see the Department taking steps to control the quality of Northern meat. We do caution the Department, however, in avoiding the possibility of creating a large bureaucracy around this activity.

SUPPORT FOR THE FUR INDUSTRY

Committee Members support the ongoing work being carried out by the Department in the area of renewable resource development and in particular the fur industry in the North. We agree with the Minister's comments about the bias and unfairness shown by animal rights activists towards this important element of Northern culture.

The Minister's comments about high-quality Northern furs having their value diluted by the southern furs with which they're auctioned are supported by Committee Members. We look forward to seeing initiatives

from the Department which would market N.W.T. fur as a distinctive, high-quality product.

Committee Members are also glad to see the Minister making efforts to revive the market for seal fur. The destruction of the market by the activists has been a tremendous blow to residents of Nunavut, and restoration or replacement of that market would be a big step in the economic development of the new territory.

ENVIRONMENTAL STUDIES

The Committee is concerned that the Department is devoting seven PY's to training positions for Renewable Resources Officers in the Eastern Arctic. Committee Members wonder why these cannot be trained in Arctic College, as have been successfully done at Thebacha campus? We encourage the Department to cooperate with Arctic College to ensure that the College's Environmental Technology program provides an adequately trained pool of environmental officers for both the Western and Eastern Arctic.

THE WILDLIFE ACT AND LAND CLAIMS.

Committee Members are concerned that the N.W.T.'s wildlife legislation has not been amended to take into account the changes brought about by recent land claims settlements. Further, there is concern about the the incremental costs of wildlife provisions and other responsibilities resulting from of land claims agreements being off-loaded onto the the G.N.W.T.

RECOMMENDATION #30

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF RENEWABLE RESOURCES ACT QUICKLY TO AMEND THE WILDLIFE ACT AND OTHER NECESSARY LEGISLATION IN ORDER TO PROPERLY REFLECT THE STATUS OF WILDLIFE MANAGEMENT IN THE NORTH FOLLOWING THE SUCCESSFUL IMPLEMENTATION OF RECENT LAND CLAIMS.

SAFETY AND PUBLIC SERVICES

NEW INITIATIVES

The Department identified three major initiatives for this coming fiscal year: new mine safety legislation, new gaming initiatives, and a new *Liquor Act*.

The Committee has concerns about these initiatives. Most importantly, Committee Members are concerned that this Department—and perhaps the Government as a whole—may be announcing a number of new initiatives which they will not be able to complete at once. Each of these initiatives are complex and potentially quite controversial. There has already been much controversy and contention over proposed new Mine Safety legislation, for example. Also, recent developments such as the Catholic bishop's banning of bingo in Western Arctic Catholic churches suggests that new gaming initiatives could meet with resistance and controversy.

While such initiatives may be worthy of consideration—and, certainly, new Mine Safety legislation is urgently needed—the Committee feels the Department should carefully prioritize its objectives.

MORE SAFETY INSPECTORS NEEDED

The Government's restraint initiatives over the last few years have been effective in keeping the Territories out of the kind of chronic debt that is plaguing every other government in the country. However, the Department of Safety and Public Services (S&PS) demonstrates that restraint can be a blunt instrument, often hurting where an impact was not desired.

The Northwest Territories is now home to the biggest staking rush in Canadian history. Since October 31, 1991, over 48 million acres, or almost 6% of the N.W.T.'s area, have been staked for mineral

exploration—mostly in search of diamonds. Two mining companies have set up bulk sample operations in hopes of being able to justify actual diamond mines. Lead/zinc exploration in the Izok Lake area continues, with hopes of a new mine opening there. But because of restraint measures, the number of mining inspectors has not increased.

The Committee recognizes that mining is a dangerous occupation and that there is a need to improve our mine safety record. This, combined with the recent and anticipated growth in the mining industry, indicates that an increase in the number of mine safety inspectors is urgently required.

The Committee is basically reacting to Workers' Compensation Board reports that the mining industry and the construction industry have the highest level of accidents in the Northwest Territories. Given that, Committee Members feel that there is an impetus, as well, to increase the number of occupational health and safety inspectors in the construction field. Committee Members are encouraged by Government assurances that the situation will be examined.

RECOMMENDATION #31

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF SAFETY AND PUBLIC SERVICES DEVELOP A PLAN TO HIRE MORE SAFETY INSPECTORS, ESPECIALLY IN THE AREAS OF MINE SAFETY AND OCCUPATIONAL HEALTH AND SAFETY FOR CONSTRUCTION WORKERS, AND RESPOND TO THE COMMITTEE WITH THAT PLAN BY AUGUST 1, 1994.

MORE FIRE SAFETY RESOURCES NEEDED

The Committee expressed concern about the N.W.T.'s poor fire safety record. There is special concern that initiatives of the Fire Marshal's Office are not being felt at the community level. Members felt that appointing and supporting a 'fire chief' in each community could be the best way to address the problem. Such a person could administer and train the community's volunteer fire brigade, implement prevention initiatives, and so on.

The Committee suggests that the Department of Safety and Public Services, in cooperation with the Department of Municipal and Community Affairs or other departments, consider supporting positions for fire prevention and suppression in the communities, and report back to the Committee with an analysis.

SOCIAL SERVICES

Although Committee Members noted some improvement in this Department's budget presentation to the Committee, serious concerns remain. Committee Members feel that the Department's budget does not respond adequately to the needs of its clients. The Department is, so far, apart from increases to treatment centre employees, unresponsive to direction from the Assembly and its Committees. Furthermore, the Committee believes that the Department's management philosophy is characterized by reacting to circumstances rather than providing leadership.

The Committee has doubts about the ability of the Department to take the lead in comprehensive new initiatives such as Income Security Reform. We feel strongly that the Minister must assume responsibility for determining and prioritizing the main initiatives of the Department, and for developing a budget and a strategy which will allow those initiatives to be met.

DEPARTMENTAL BUDGETING

A specific example of the Committee's concerns was raised by the budget presented for the 1994/95 year by the Minister. The Committee feels it is obvious that a department's budget should reflect the department's best estimate of funds that will be expended in the coming fiscal year. However, Committee Members noted various examples throughout the budget where estimates for 1994/95 bear no obvious relation to actual figures for previous fiscal years. In fact, the Minister informed the Committee that they had provided increases of nearly \$3 million, half of for inflation and half for increased volume. However, the Committee notes that this increase of \$3 million didn't even bring the total up to what this year's actual figures will be. The Department is not keeping up with demand and inflation. We do not understand how those assigned to deliver the programs of the Department can adequately provide those

services if the amounts budgeted continue to be unrealistic and unrelated to demand.

The Committee appreciates that the Department has a new Deputy Minister, and that the FMB is encouraging the Department to provide better budgeting information. However, we would like to emphasize that we consider this a critical issue, particularly in view the Department's critical role in the future well-being of the citizens of the N.W.T., and it must be dealt with very quickly.

RECOMMENDATION #32

THE COMMITTEE RECOMMENDS THAT THE FINANCIAL MANAGEMENT BOARD SECRETARIAT AND THE DEPARTMENT OF SOCIAL SERVICES DEVELOP A PLAN TO IMPROVE THE DEPARTMENT'S BUDGETING PROCESS; AND RESPOND TO THE COMMITTEE WITH THAT PLAN BY AUGUST 1, 1994.

ZERO TOLERANCE FOR VIOLENCE

Committee Members noticed that there has been no increase to grants and contributions in family violence prevention services, child sexual abuse programs and family counseling. These are areas where we expected to see funding increased in order to support the Zero Tolerance for Violence position adopted in this Assembly. This should be a major priority of this Government. These programs require funding support. If these problems are not tackled now we are going to have extreme social problems in our communities in the next generation.

Family violence affects not only the victim but also the offender and the families of each party. The impact is felt by the community as well. In addition to providing funds for community groups to address the problem of family violence, we need to provide appropriate training so that people can with deal with these problems at the community level. The Department of Social Services must identify the training needs and ensure that an appropriate curriculum is developed to respond. Members

expressed some concern that the current program at Arctic College may be more focused on processing and administration than on teaching people how to deal with human problems.

Committee Members feel that the Government, in consultation with social agencies and special interest groups, must develop a range of options to address these major social problems. Different solutions are required for different situations. The old solutions are not working. We have to devise new and innovative community based approaches.

RECOMMENDATION #33

THE COMMITTEE RECOMMENDS THAT THE **DEPARTMENT OF SOCIAL SERVICES** WORK WITH THE DEPARTMENT OF JUSTICE TO DEVELOP AND IMPLEMENT AN ACTION PLAN WHICH SUPPORTS THE *DECLARATION AGAINST FAMILY VIOLENCE*. THE COMMITTEE FURTHER RECOMMENDS THAT THE DEPARTMENT OF SOCIAL SERVICES, IN CONSULTATION WITH SOCIAL AGENCIES AND SPECIAL INTEREST GROUPS, DEVELOP A RANGE OF PROGRAM OPTIONS AND TRAINING PLANS FOR FAMILY VIOLENCE PREVENTION SERVICES, CHILD SEXUAL ABUSE PROGRAMS AND FAMILY COUNSELLING. A PRELIMINARY REPORT ON THE OVERALL STATUS OF THIS INITIATIVE SHOULD BE MADE AVAILABLE TO THE COMMITTEE AT LEAST ONE WEEK PRIOR TO ITS REVIEW OF THE 1995/96 CAPITAL BUDGET.

INCOME SECURITY REFORM

As discussed under the Executive, the Committee is impressed with the proposed Income Security Reform package. However, we are concerned that the Department of Social Services may have difficulty playing the lead role in this initiative. In order for the Income Security Reform programs to be at all effective, the leadership of the Department must improve.

On the other hand, Committee Members do not want to see the Department wait for Income Security Reform to happen before addressing other important issues. Income Security Reform should not be seen as a cure-all for the many social problems facing northerners today. Rather, the Department must address the important issues now, as best it can, while it attempts to change and improve.

'PARTNERS IN YOUTH'

The 'Partners in Youth' project being piloted in Edmonton was discussed under Education. We strongly recommend that the Department of Social Services participate with the Departments of Education and Justice in implementing such a proposal in selected Northern schools on a pilot basis. So many of the social problems in the North affect school-age children; either directly, or indirectly through their situations at home. If these children have a single, central place they can go for help, their school, they are much more likely to ask for and receive the help they and their families might need.

TRANSPORTATION

The Committee was generally pleased with the Department of Transportation's presentation. Some concern was expressed that the recently-tabled *Transportation Agenda* does not provide the Committee or the Assembly with enough information about the Department's long-term strategy. The Department has to give the Committee a clearer picture of medium- and long-term plans, including priorities and deadlines for proposed projects.

GOVERNMENT CONTRACTS

The issue of contracting, in general, and specifically negotiated contracts and the business incentive program are discussed, in this report, under the Financial Management Board. The Committee is in favour of initiatives that will maximize opportunities for local employment on Government contract work. The Department of Transportation must work with other Departments to improve the policy and procedures surrounding negotiated contracts, and in considering possible alternatives to negotiated contracts.

We also look forward to seeing the results of the review of the Business Incentive Policy (BIP), and encourage the Government to strengthen BIP—and, in fact, the entire public tender process—in order to maximize local employment. It is important that the Department of Transportation work closely with other departments, especially the Department of Public Works and Services in their examination of the Business Incentive Policy, negotiated contracts, and other issues affecting Northern employment and economic development so there will be maximum benefit to the North.

ARCTIC AIRPORTS

Members of the Committee suggested that smaller airports be given more attention. There is a feeling that the Department is concentrating on the larger airports in large communities (especially on the negotiations to take over the 'A' airports from the Federal government) to the exclusion of airports in smaller communities. The Committee noted that the *Transportation Agenda* suggests that all but one Northern airport will have at least a 'D' classification by 1998.

RECOMMENDATION #34

THE COMMITTEE RECOMMENDS THAT THE DEPARTMENT OF TRANSPORTATION INCREASE THE PRIORITY OF IMPROVING AIR SERVICE IN SMALLER COMMUNITIES, AND THAT THE DEPARTMENT RESPOND TO THE COMMITTEE WITH A PLAN OF ACTION IN THESE AREAS BY AUGUST 1, 1994.

EMERGENCY RESPONSE

The Committee also expressed a desire for the Department to take an active role in emergency response and safety throughout the transportation system. From regular highway patrols to airport safety, the Department should be leading the way in making the Northwest Territories a safe place to travel. Some suggestions offered by the Committee include training highway maintenance crews to be able to handle emergencies encountered by highway travelers, or building emergency airstrips at intervals along the highway system. There are numerous imaginative ideas which the Department could use to achieve the goal of safer travel.

The Committee encourages the Department to consider ways in which the Department can best use its resources to provide emergency response throughout the N.W.T. transportation system.

BUDGET DOCUMENTS

While there was a great deal of 'movement' from last year's departmental estimates to this year's—that is, movement of PY's and funds from one task or activity to another—the documents themselves contained very little explanation of what was moved where. We were quite disappointed with this, as it made it difficult for Committee members to follow the changes in the Department. The Committee strongly suggests that this Department (and all Departments) clearly describe the movements involved when funds or personnel are moved from one task or activity to another.

FUNDING FOR LARGE PROJECTS

With large and important projects on the horizon, including the transportation corridor from Yellowknife through the Slave geological province to Coppermine, the Government must find new and innovative means to find funding support for such projects. The Government, in fact, should be working to alert possible investors to the enormous potential for development here in the North, and encourage them to invest in the North, especially to create the much-needed infrastructure.

ENGINEERING SERVICES AND PRIVATIZATION

The Committee encourages the Department to examine the engineering services provided in-house by existing staff, and carefully consider whether these services could be successfully provided by the private sector.

WORKERS' COMPENSATION BOARD

The Committee is generally satisfied with the direction the Board has taken recently. Recent initiatives such as an Affirmative Action plan, consideration of a merit rebate/surcharge policy, and a refocussing of the rehabilitation program show that the Board is improving greatly in service to their clients and in their own management.

Committee Members would like to see the Board move a little more quickly on some items. While the Affirmative Action plan seems to have promise, we wonder when it will be implemented. Also, since the adoption of the new physical impairment rates in July 1993, the Committee would like to see the Board perform a quick evaluation now of the effect of those rates, as well as conducting a complete evaluation after one year.

Approaches such as the early intervention policy, and gearing the rehabilitation program towards getting workers back to work, are to be applauded. Committee Members feel that the quicker a worker is back to work, the better their self-esteem and attitude will be.

The Committee is concerned about high accident rates in the mining and construction industries. While more safety inspectors would help lower these rates (see under Safety and Public Services), we feel the Board should provide further incentive for these industries to improve by implementing a merit rebate/surcharge policy. Committee Members believe that the time is past for merely talking about such a policy, and that it should be implemented as soon as possible.

RECOMMENDATION #35

THE COMMITTEE RECOMMENDS THAT THE WORKERS' COMPENSATION BOARD DEVELOP AND IMPLEMENT A STRATEGY FOR PROVIDING REBATES OR SURCHARGES TO EMPLOYERS BASED ON THEIR SAFETY RECORDS, AND THE SAFETY RECORDS IN THEIR INDUSTRY, BY AUGUST 1, 1994.

The Committee is also concerned that the Board's costs are quite high. While we recognize that this Board has an important mandate, and that things have improved recently, the Committee would still like to see the Board continue to work towards minimizing costs. As for the backlog of claims in the appeals process, Committee Members approve of the plan to clear the backlog, and hope that the Board will be able to better control its costs once those cases are dealt with.

Committee Members are encouraged by the Board's recent progress. Although there has been some negative publicity towards the Board lately, we wonder how true a reflection that publicity is of the attitude of most of the Board's clients. The Committee encourages the Board to act quickly when responding to legitimate complaints, and to continue with the improvements that have been implemented to date.

The Secretary of the Interior has the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the application for a patent for the discovery of a new and useful improvement in a certain article of manufacture, and in reply to inform you that the same has been referred to the proper authorities for their consideration.

Very respectfully,
Your obedient servant,
[Signature]

Very respectfully,
Your obedient servant,
[Signature]

APPENDIX A
Committee Terms of Reference

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STANDING COMMITTEE ON FINANCE

COMMITTEE TERMS OF REFERENCE

The primary task of the Standing Committee on Finance is to undertake a detailed examination of the Government's annual budget and its related fiscal operations. Under the Committee's Terms of Reference, it has the authority to:

- inquire into such matters as may be referred to it by the Legislative Assembly;
- review and recommend on the preparation of estimates, expenditures and appropriations required to defray the charges and expenses of the public service of the Territories in each fiscal year;
- review and recommend on capital projects and capital planning;
- in consultation with the Chairman of the Financial Management Board, examine and recommend the terms and conditions of any agreement relating to financial arrangements with the Government of Canada;
- in consultation with the Chairman of the Financial Management Board, examine and recommend the terms and conditions for borrowing, lending and investing funds;
- review, evaluate and recommend on any revenue sources that may be available to the Territories;
- review financial implications of existing and proposed Territorial programs and the financing thereof, as well as any other programs which may, in future, become a charge against the Territorial budget; and
- investigate and inquire into those financial matters that, in the opinion of the Committee, require investigation.

The Committee intends to fulfill its mandate on behalf of the Assembly and the people of the Northwest Territories and to ensure that the Government is financially responsible.

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