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***Strength At Two Levels - Report Of The
Project To Review Operations And Structure
Of Northern Government***

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November, 1991

Chairman
Financial Management Board
12th Legislative Assembly
of the Northwest Territories

"Strength at Two Levels"
Report of the Project to Review the
Operations and Structure of Northern Government

In January, 1991 the Financial Management Board (FMB) established a project to Review the Operations and Structure of Northern Government (the Review Project). The purpose of the Review Project was to determine if government effectiveness could be increased and if costs could be contained without large declines in service to the public. A review of this nature was necessitated by the changing fiscal climate in which the Government of the Northwest Territories (GNWT) must operate.

The costs of providing basic government services to the people of the Northwest Territories (NWT) far exceeds the NWT'S revenue raising capability. As a result, the GNWT is dependent on the federal government for the majority of its funding requirements. This makes us particularly vulnerable to the federal restraint actions that have been and will continue to be taken to deal with the federal deficit.

During the last two years federal government actions have resulted in significant declines in the level of federal funding support to the GNWT. Coupled with high service expectations by NWT residents and rapidly increasing costs in statutory programs such as health and education, the federal funding reductions have required the GNWT to take significant restraint actions. Over the term of the 11th Legislative Assembly, the Financial Management Board has instituted programs of restraint that have:

reduced person year growth to an average of less than 1% per year, and discontinued most adjustments to department budgets for inflation driven cost increases and

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increased management' s accountability *for* the achievement of results with money spent, and forced departmental managers to find least **cost** methods to deliver services.

With the NWT's small tax base, and already heavy tax burden, the GNWT does not have the option of significantly increasing taxes to deal with expenditure pressures and declining federal funding support. The recent federal imposition of the Goods and Services Tax has had a significant impact on NWT consumers and has made the raising of taxes even less of an option. For these reasons, the GNWT has not imposed significant tax increases and, in fact, lowered the NWT corporate tax for small businesses in the last budget.

By taking **timely** restraint initiatives the Financial Management Board has coped with reduced revenues and large expenditure pressures to this point, and has kept the GNWT in an accumulated surplus position. However, when the federal government unilaterally imposed the national Gross Domestic Product (GDP) cap on the formula escalator several years ago, the FMB foresaw that restraint measures alone would not be enough to meet the fiscal challenge that the GNWT would face in an economic recession. It was with this foresight that the Review Project was established.

Stated very simply, the Review Project was intended to provide a blueprint for government organizational and program change over the next ten years. It was not intended that these changes would free up pools of money through large and immediate program and organizational cuts; this is simply not practical. Rather, the objective of these changes must be to significantly increase the effectiveness and efficiency of government operations and Program delivery over time, thereby reducing the rate of expenditure growth to match the revenues that will be available in the future.

The Review Project Report, "Strength at Two **Levels**" provides the type of blueprint that the FMB was searching for. It outlines fundamental change for the way in which the territorial and community levels of government do business. The measures proposed, if implemented in concert, have the potential to bring about the results necessary to cope with fiscal realities. It must be emphasized that many of the recommendations made by the Review Project, particularly those concerned with structures and authorities, are mutually dependent. They cannot be implemented on a piece-meal basis.

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Realizing the potential of the Review Project recommendations will require people and organizations that recognize the need for and are open to change. Defense of the status quo or single minded pursuit of unrealistic objectives will surely undermine the process of constructive change and result in confrontation and financial crisis. However, I am confident that the people of the NWT will accept the need for change and will carry it out successfully. It is with this confidence, that I submit to you, the Chairman of the Financial Management Board of the 12th Legislative Assembly of the Northwest Territories, the Report of the Project to Review the Operations and Structure of Northern Government, titled, "Strength at Two Levels".



Michael A. Ballantine
Chairman
Financial Management Board
11th Legislative Assembly

Strength at Two Levels

Report
of the
Project to Review the
Operations and Structure of
Northern Government

November, 1991

November 8, 1991

The Honorable Michael A. Ballantine
Chairman of the Financial
Management Board
Government of the Northwest Territories
Yellowknife, N.W.T.

Dear Mr. Ballantine:

I hereby transmit the report of the Project to Review the Operations and Structure of Northern Government, titled "Strength at Two Levels".

A review of this magnitude was a large undertaking. It required a **major effort** by a dedicated Project Group to accomplish the **necessary** investigation **and analysis**. Subsequently, my consolidation of the findings of the Project Group and the formulation of recommendations have proved to be a time consuming task. I trust that all the **efforts** of the past ten months have been concluded early enough to be of use in the formative days of the incoming government.

The Financial Management Board should take considerable pride in the review approach which it established, in the consultative process it adopted, and in the unique composition of the Project Group. These factors combined to create one of the most effective reviews of its kind. By fully involving northerners in this Project, you have created a body of very capable people within the **GNWT** and the communities; people who now have a deeper appreciation of both the problems and the directions towards the **GNWT's future** success.

On behalf of the Project Group, I wish to convey our hope that the content of this report will **help** the Government of the Northwest Territories effectively meet the **challenges** it faces **today**, and the enormous challenges it will face in the years **immediately** ahead.

Yours truly,



Garry H. Beatty
Project Director

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PREFACE

. ..our government is **facing lower revenue growth, and **increasing** expenditure pressures. We must be prepared to make some hard decisions in the **near future** - decisions about what we expect **from** government, and what we are willing to do without. **Through** the project to review the operations and structure of northern government, we will be developing options for **fundamental** changes in the way government is structured and in the way its programs are **delivered**. ”*

*- Government of the Northwest Territories
(GNWT) Budget Address, February 1991*

This excerpt from the 1991-92 **GNWT** Budget Address, captures the essence of the Project to Review the Operations and Structure of Northern Government. **This review** of government structure was not confined to the territorial level. It examined both the territorial and community level of government to determine what changes were needed to strengthen both levels.

The Project Group

The Project Group assembled to conduct this project was composed of a select group of senior executives from outside the **GNWT**, community representatives, seconded **GNWT** employees, and support staff. The Financial Management Board (**FMB**) reasoned that external specialists would bring objectivity and experience from other jurisdictions to the review, community representatives would provide the context of the aboriginal residents of the Northwest Territories, and seconded **GNWT** staff would provide vital knowledge of the organization and the environment in which it must operate.

Working under the guidance of the Project Director, the Project Group consisted of three teams. The teams were chosen to **balance** knowledge, skills and objectivity, and diverse cultural and geographic backgrounds. The members were as follows:

Project Director: **Garry H. Beatty**, President, Gabe Fiscal Management Inc.
Mr. **Beatty** has held a number of top executive positions including Deputy Minister of Finance and Secretary of the Treasury Board in Saskatchewan, President and CEO of Manitoba Hydro, and President of the Crown Investments Corporation in Saskatchewan. He lives in Winnipeg.

Management And Organization

Team Leader: A.M. (Sandy) **Gillies**
Mr. **Gillies** was seconded from the federal Department of Western Economic Diversification. He has had considerable experience in a range of executive roles in public administration related to social and economic development.

Members: • Jim Antoine, Chief, Fort Simpson Band
• John Bunge, Director, Policy & Coordination, **GNWT** Department of Transportation; **Yellowknife**
• Dan **O'Neill**, **Kitikmeot Assistant Regional** Director, **GNWT** Department of the Executive, Cambridge Bay

Service Delivery

Team Leader: John Sadler, President, John Sadler Management Ltd., Winnipeg
Mr. Sadler is a professional engineer who has served as chief executive officer in both the construction and oil and gas industries. He has also served in the public sector.

Members: • **Knute** Hansen, **Inuvialuit** Regional Corporation, Chairman **Beaufort-Delta** Divisional Board of Education, Aklavik
• Don Ellis, Fort Smith Regional **Director**, **GNWT** Department of the Executive, **Fort Smith**
• Bob Doherty, R. Doherty & Associates, Ottawa and **Yellowknife**. Mr. Doherty is a former Assistant Deputy Minister of Public Works, **GNWT**.

Program Delivery

Team Leader: Frank **Bogdasavich**, Consultant, Ottawa
Mr. **Bogdasavich** is a lawyer with executive experience in the federal Treasury Board and in economic and regional development. He also served as Deputy Minister of Social Services, Deputy Minister of Culture and Communications, and Deputy Minister of Tourism and Renewable Resources in Saskatchewan.

Members: • Liz Apak Rose, **Baffin** Divisional Board of Education, **Iqaluit**
• Gail Joyce, Director, Policy and Evaluation, **GNWT** Department of Education, **Yellowknife**
• Bob Kasting, Director, Legal Division, **GNWT** Department of Justice, **Yellowknife**

- Research Assistance:
- Dyan Grant-Francis, Harvest Biologist, **GNWT** Department of Renewable Resources, **Yellowknife**
 - Edwin **Castillo**, Statistician/Research Coordinator, **GNWT** Department of Economic Development and Tourism, **Yellowknife**

Project Secretary: Kathy Lidbury, **Yellowknife**

Acknowledgements

This Report is the culmination of hard work and dedication on the part of all Project Group members who came together to consider the kinds of fundamental change required in the way northern government does business. The commitment and concern for a better style of northern government as demonstrated by the seconded **GNWT** staff, and devotion to the future of the Northwest Territories by all Project members, was evident throughout the project.

The input of people from the Northwest **Territories**, private citizens and government employees alike, provided insight and opinion which was critical to the Project. Particular appreciation is expressed to those people who attended the public meetings or who took the time to fill out and return the questionnaires which were distributed to interested people and groups as part of this project.

Ideas and advice were received from many individuals and from spokespersons for several groups important in the Northwest Territories, including Mr. Darm Crook, President of the Union of Northern Workers, Mr. John **Rouble**, President of the Northwest Territories Teachers' Association, and Mr. Jim Robertson, Chairman of the Northwest Territories Power Corporation, who assisted the Project in gaining an understanding of the views of **labour** and business, respectively.

Finally, the Project Group interviewed and held meetings with a great many members of the Northwest Territories Public Service, from deputy ministers to front-line employees. Noteworthy is the fact that the great majority of public servants interviewed betrayed a yearning to be part of a first-class public service in which effectiveness and economy are paramount concerns. The Project Group wishes to express particular appreciation to the many who offered insights on the source of management or operating problems and ideas about improving the relationship between cost and effectiveness.

The job was made much less difficult through the very capable administrative support of Gertrud La **Ferla** and **Karalyn** Walker of the Financial Management Board Secretariat.

FOREWARD

The Emerging Territory

The need for this review is the result of many factors active throughout the long and sometimes contentious history of the north.

The present boundaries of the Northwest Territories were established in 1912 and the **territory** was governed by a federally-appointed commissioner, responsible to a minister in Ottawa for many decades after. Since the 1960s there has been a strong move toward self-government within the territory. Supported by the Carrothers Commission in 1966, it has been one of the main aims for the formation of the **GNWT**, beginning with the movement of the seat of government to Yellowknife in 1967, and continuing with the **devolution** of power and responsibility from Ottawa and its Commissioner to the elected officials of the **GNWT**.

The **GNWT** received large fiscal responsibilities along with this transfer. **Until fiscal year 1985-86**, the territorial Government received a federal grant equal to total expenditures which it negotiated annually, less the **GNWT's** own source revenues plus specific program transfers. Since that time, a formula funding arrangement has been in effect. While not yet a province, the Northwest Territories is now governed by elected northern residents. The movement toward further self-government continues with the transfer of programs and responsibilities from Ottawa.

The **GNWT** is confronted with several unique complicating elements in the land and people it governs. Both the ethnic mix of the population and the consensus style of legislative assembly decision-making are not found elsewhere in Canada. There is a rapidly growing, immobile **labour** force, which, although skilled in traditional pursuits, is largely unskilled in most other occupational fields. This work force is growing in excess of current rates of job growth. A compounding employment problem is eight working languages, one with many dialects. The government lacks a significant tax base from which to draw revenue and yet strives to provide a wide range of programs and services equally throughout the North. A large proportion of the population view these services and programs as entitlements. The heritage and traditions of the federal Government's involvement in the Northwest Territories, and the fiscal growth over the last two decades, have supported these expectations. The **GNWT** is now facing increasing expectations on the part of the public coupled with reduction in revenues.

1987 to 1991: The Transitional Years

In October 1987, the Eleventh Assembly of the **GNWT** was elected. Its Executive Council, formed in November, met at Snare Rapids for the first of what would be a series of strategy sessions, to establish their agenda as a government. That agenda had two basic drives: putting northerners in charge and to work.

Following Snare Rapids, Cabinet presented Direction for the 1990s, as its **statement** of priorities for the four **year** term. Directions outlined five priorities:

Stimulating Economic Growth

- securing northern control of the Northwest Territories energy resources
- seeking collaboration with Canada in the planning and development of an improved transportation network
- improving programs of support to northern businesses
- targeting **GNWT** expenditures to maximize benefits to local economies

Improving Education

- enhancing basic skills among northerners
- providing stronger **links** between education, training and employment opportunities
- building the effectiveness of schools

Shaping Public Government

- seeking further province-like powers and authorities
- strengthening community governments, absorbing other **GNWT** related community **structures** and transferring **GNWT** programs to community governments

Supporting Aboriginal Initiatives

- facilitating the resolution of land claims in the Northwest Territories
- supporting traditional lifestyles and economies

Taking Our Place In Canada and the World

- achieving an international, **circumpolar** profile
- achieving greater profile nationally and participation at federal-provincial meetings

In its closing chapter, titled “Setting Realistic Expectations, ” the document noted: “previous governments have emphasized social programs such as health, social services and public housing to meet northern needs. These important programs and services will not be neglected, but they may not expand as quickly as in the past. ”

In the fall of 1988, with the growing depth and seriousness of social problems facing Northwest Territories communities, Cabinet introduced a sixth priority with the Commissioner’s Address: Social Issues.

Finally, at the "**Brabant** Strategy Session," held in June of 1989, a seventh priority, "Improving Government Administration," was added.

Despite the appearance of seven key priority areas, Cabinet stayed as **close** as possible to the two areas it wished to be judged on: economic and political development. Other issues, even **issues** which have become significant priorities, such as improving social conditions in the Northwest Territories communities, have been framed as "immediate problems": **while** Cabinet has tried to address them, it has seen the long term solutions to lie precisely in economic and political development.

In the term of this government, three departments were created: Energy, Mines **and** Petroleum Resources, whose principal objective has been to secure a Northern Energy Accord; Transportation, whose objective has been the planning and development of a transportation network in the Northwest Territories; Safety and Public Services, a small department created out of a particular need which emerged in mid-term. The key initiatives launched by Cabinet have been the Economic Development Strategy, announced in February, 1990, and the related Employment Development and Literacy Strategies, and the Transportation Strategy, announced in October, 1990.

Also during the life of this government, the Northwest Territories Power Corporation and the Northwest Territories Development Corporation were established. Following earlier transfers of highway maintenance responsibilities, the transfer from Canada of the inter-territorial highway reconstruction and Arctic Airports Program also occurred just in the past year. The instruments of economic growth are accumulating in the **GNWT's** hands and with the exercise of **province-**like authority comes political development.

While efforts to transfer responsibility from Ottawa to the North have generally been successful, transfers from Yellowknife to Northwest Territories communities - **an essential feature** of the political agenda since the creation of the **GNWT** - have not happened. This is not to say no effort or progress has been made, only that when all is said and done, what the **GNWT** has garnered from Ottawa, it generally still manages today. Where there have **been** transfers to regions, they have been limited and often confusing. There is a growing perception that the **GNWT** has built itself as a good receptor of jurisdiction from Ottawa, but may now be at a point where it needs to consolidate and reconstruct its organization to support transfer to community governments.

PART I: INTRODUCTION TO THE REVIEW PROJECT

Genesis of the Review Project

Members of the **GNWT** territorial legislature have been aware of an impending financial problem during recent years, although the magnitude of the problem was not known. The government did take action over its term to respond to the impending financial problem by restraining person year growth to an average of less than 1 % per year and taking other strong restraint measures to maintain an accumulate surplus position.

Now, however, it is apparent that the **GNWT** faces an unprecedented gulf between available resources and demands on resources. New funding limitations imposed by the federal Government through the formula financing arrangements, coupled with soaring costs for health and education programs have combined to place the **GNWT** in an extremely difficult financial position. If the government is to preserve its fiscal integrity in the years immediately ahead and avoid the mistakes and distress now evident in many jurisdictions in southern Canada, it will have to make major and fundamental changes in its structure and operation. "Belt-tightening" approaches will not begin to cope with the problem.

Preservation of fiscal integrity is thought to be particularly critical in the Northwest Territories (with its small tax base) in order to protect progress achieved in political development.

As a consequence, the **FMB** made a decision in late 1990 to fund a targeted program review, motivated by a desire to act early on the impending deficit in order to avoid even more difficult choices later. The **FMB** outlined areas to be examined for potential savings, and focused the review on specific components within each of the areas. A time frame of five to six months was established for the fieldwork of the review to be completed.

Objectives of the Review Project

The terms of reference established by the **FMB** did not ask for cost-saving options of a specific dollar target. However, the Project Group was given to understand, the real requirement was for recommendations which hone the capacity to induce large budgetary effects over time. "Tinkering with" or "fine-tuning" of programs or structures would not produce the necessary ability to control the current rate of cost escalation.

In some cases, the savings recommended by the Project Group could be calculated with reasonable accuracy; in others only approximations or ranges and options are possible. For this reason, no precise estimate can be given of the total economies to be realized, but it can be stated with confidence that the recommendations have the power to yield annual savings of many tens of millions of dollars.

Terms of Reference

Given the immense scope of the project, and the extremely limited time frame, a considerable amount of effort was put into refining the terms of reference through discussions between the **FMB** and the Project Group.

The **FMB** focused the review on the following areas:

- A. Management and Organization
 - headquarters management structure;
 - Executive Committee (“Cabinet”) support structures;
 - regional operations;
 - role of boards and agencies;
 - community self-government and the essentials of an efficient relationship between the territorial Government and self-governing communities.
- B. Support Service Delivery
 - support service delivery structures;
 - asset maintenance system and standards;
 - personnel management systems and **procedures**;
 - capital project standards, management and delivery.
- C. Programs and Program Delivery
 - **health** services delivery;
 - social services;
 - legal aid delivery;
 - advanced education.

Organization of the Report

This Report is **organized** in three parts in line with the areas outlined by the **FMB**. They range from the broad scope in the Management and Organization and Service Delivery sections to considerable detail in the section which examines and reviews certain **GNWT** programs. As well, there are separately bound appendices to the report, as indicated below.

Management and Organization deals with the management and structure of the **GNWT**, including central machinery, boards and agencies, and the conditions of efficient transfer of responsibility from the territorial Government to communities which wish to increase their level of self-government.

Support Service Delivery examines the operation of service departments within the **GNWT** and the delivery of their programs to client departments. General findings **respecting** realignment and streamlining of service delivery and cost savings within the service departments are outlined. This section also touches briefly on personnel policy and the issue of aboriginal representation within the **GNWT** civil service.

Program and Program Delivery reviews the program and program delivery aspects of Legal Aid and the Departments of Health, Social Services, and Advanced Education. This chapter includes numerous recommendations for cost-cutting and cost-containment based on in-depth program evaluations which are detailed in the Appendices to this Report. These appendices are an integral part of understanding the rationale and justification for the recommendations contained in this part.

The Question of Efficiency

The objectives set out for the Project in its terms of reference speak of “opportunities for improved efficiencies and economies” as well as “savings opportunities”. While the Project Group has been guided by the need to deliver savings or structural changes which will enhance the ability to control costs over time, the terms of reference were also interpreted to mean that the effectiveness of the public service is also very much a matter of concern.

For the purposes of this Project, the term “efficiency” was defined as the ratio of effectiveness to cost, and the Project Group was concerned with the many ways this ratio, or relationship can be improved. For example, if ways could be found to increase effectiveness for the same cost, the result is greater efficiency.

A significant part of the Review Project was directed to the improvement of service rather than the reduction of cost or improvement of cost containment capacity.

Many people will argue that cost and quality of service to the public is an inevitable trade-off. It is the conclusion of the Project Group that this is not the case. Productivity **and** organization experts around the world agree that quality improvement which results from simplification and streamlining often leads to large cost reductions. In the **GNWT**, as restraint/consolidation/simplification become the required beacons of management, it is important to emphasize improvement in quality of service to the public as you promote cost-containment. Some people will have trouble accepting this, especially in the Northwest Territories where incrementalism (more money spent, more programs) has been institutionalized. It is, nonetheless, true and must become a part of the management “culture” in the **GNWT**.

Budget reductions and government reorganization must be seen as an opportunity to consolidate and simplify, to develop a more efficient government **organization** which provides a quality service to the public it serves. The **GNWT** is in a positive position to begin change toward an outstanding “made in the north” structure staffed by a committed “home-grown” civil service.

Findings of the Review Project

The Project Group does not believe the **GNWT**'s fiscal problems are primarily a question of “fat” in government or the result of a “Cadillac” or “over-centralized” operation. The **GNWT** is the most decentralized government in Canada with a well developed regional and area office structure. In addition, the **GNWT** has focused over the last few years on keeping the size of the organization from growing, and has allowed, on average, person year growth of less than 1 % per year, primarily for education and health professionals.

Instead, the **GNWT** inherited a deep legacy of severe socio-economic problems in the north, including widespread illiteracy, unemployment, drug and alcohol abuse, poor housing, family violence, and crime. The **GNWT** has attempted to respond to these problems with an expanding number of costly programs, many of them drawn from the social welfare model of southern Canada. (See Figure 1 for the 25 largest program areas of the **GNWT**.)

But there is evidence these programs are not solving problems in the north so much as they are masking them. Many social welfare programs (the “safety net” programs) were developed in the southern Canadian industrial economy as a means of providing temporary relief for individuals and families; they were not intended to be a permanent way of life for a majority of the population. They are becoming that way in the north. The underlying problem now facing the north is the dependence on government. The native population of northern communities is not adequately equipped and trained to meet their own needs, and they are under-represented in the wage economy, the private sector, and the government jobs of the north.

The north and the people of northern communities are now in the middle of a long period of transition in which permanent communities and a more modern economy will be the dominant features of life. At this stage, however, the transition is not successful and the modern north is largely a “welfare economy”. If the north is to move forward to a non-welfare economy, northerners must have the tools and the support to meet more of their own needs. As one example, the proportion of people receiving social assistance is far higher in the north than in the south. The tens of millions of dollars provided in social assistance, goes largely to the acquisition of imported goods and services, as there are too few locally produced goods and services in the north.

FIGURE 1:
 TWENTY-FIVE LARGEST PROGRAM AREAS IN THE GNWT

The following are the twenty-five (25) largest program areas in the GNWT (based on O&M dollars only).

	1991-92 MAIN ESTIMATES (\$000)
Health - THIS (Territorial Health Insurance Service)	113,428
Education - Schools	112,471
Northwest Territories Housing Corporation - Housing Associations	64,965
Government Services - Petroleum Products	57,000
MACA - Municipal Operations	41,399
DPW - Accommodation Services	35,966
Social Services - Community and Family Support	35,605
DPW - Utilities	32,460
Arctic College	27,994
DPW - Buildings and Works	26,459
Justice - Police Services	22,827
Education - Advanced Education	21,618
Renewable Resources - Forest Fire Management	20,473
Transportation - Highway Operations	18,808
Health - Medical Travel	18,789
Social Services - Corrections	18,714
Northwest Territories Housing Corporation - Finance and Corporate Services	17,216
Government Services - Liquor Commission	16,839
Economic Development and Tourism - Business Development	15,488
Personnel - Employee Benefits	14,416
Health - Medical Care Plan	13,248
Social Services - Family and Childrens' Services	12,500
Health - Supplementary Health	11,752
Social Services - Directorate	11,442
Health - Administration	10,791

Similarly, the proportion of people receiving social housing is also far higher in the north than in the south. Outside of **Yellowknife** and some of the other large **centres**, almost 100% of the housing in northern communities is social housing. There is virtually no non-government housing sector, and the northern **labour** force again lacks the tools and the support to **create** a private housing sector.

The need for greater “home-grown” economic development in the north is well known to the **GNWT**. At the first **GNWT** Cabinet strategy seminar in 1987, and in every subsequent strategy session, the goal of greater northern economic development has been listed as the uppermost priority. In addition, in 1989, the Legislative Assembly established a 12-member Special Committee on the Northern Economy (**SCONE**). The report of this Committee (the **SCONE** Report) speaks urgently of the need to create a more skilled northern **labour** force and a more durable economic base as an antidote to the dependence on government welfare programs and social assistance.

The findings of the Project Group are closely in line with the findings of the **SCONE** Report.

In addition, however, there are other factors which drive up program costs in the north. The **GNWT**, for example, is by far the largest employer in the north, and to attract southerners it offers a generous benefit package including staff housing, dental and medical benefits, and vacation travel assistance. The quality and level of these benefits have come to be regarded as the northern standard, and many residents who are non-government employees, expect to receive precisely the same standard of living through government social programs.

In a similar way the Government of Canada has fiduciary obligations to aboriginal people which are the basis of a number of programs and program benefits. Some of these programs are delivered by the federal Government, and some are delivered by the **GNWT** on behalf of the federal Government. These programs provide a level of benefits to aboriginal residents which tends to be high in comparison to non-natives. As a result, the levels of service provided to aboriginal residents places the **GNWT** under pressure to extend comparable benefits to the whole population.

Further, residents of small communities see the greater levels of service provided in larger communities and expect that the same level of service should be provided in **all** communities, independent of community size. At the very least, if a program is introduced in the west it must also be introduced in the east, and a comparable level of service must be evident in the five regional centres. The services available in **Yellowknife** generate the greatest expectations and demands.

Public expectations do not generally take into consideration the cost of delivering some programs in isolated communities, the opportunity to take advantage of economies of scale in larger communities, or the fact that larger communities, notably **Yellowknife**, do not receive all their services from the **GNWT**, but utilize a local tax base to provide an enriched education system and recreational facilities.

To these factors must be added other factors such as the high cost of living in the north, the tremendous costs of transporting people and goods across the vast northern territory, and the very high construction costs in the rugged northern geography. Taken together, **all** of these factors will mean that effective cost containment will be far more difficult for the **GNWT** than for southern provincial governments. Unlike the provinces, the **GNWT** receives more than 70% of its budget through a negotiated formula financing agreement with the federal Government. Over half of the remainder comes from other transfers from the federal Government (e.g. **cost-sharing** agreements such as the Canada Assistance Plan, Young Offenders, **Legal Aid**, Vocational Rehabilitation of Disabled Persons and Established Program Funding). The lack of a tax base in the Northwest Territories precludes the government from raising significant revenue through taxes, as a way of meeting its **fiscal** challenges. This is a **constraint** which is not experienced by provincial governments.

Restraining expenditures will be a major challenge for the Legislative Assembly, the Cabinet, the civil service, and the people of the north. It will be a difficult and even painful challenge, but the challenge must be met and met squarely if the even more painful consequences of financial insolvency are to be avoided.

To help meet this **challenge**, the **Project** Group has arrived at a number of findings and alternatives. An outline of some of the more important conclusions and recommendations is presented below.

First, in the area of management and organization:

- Community governments are under-used in the north. Community governments **need** to be given greater scope and authority as it is essential that strong leadership be working at two levels. Bringing about social and economic development at the community level will require the strength of two levels of government. Accordingly, the work of government should be shared (divided) more evenly with communities, and the territorial Government should transfer more responsibility and resources to communities in the area of providing “services to people”. This is not a question of further decentralization, but of enhancing the capacity of the community level of government.
- In order to provide strong support to communities, the territorial government must itself be stronger: better organized, less fragmented, and more coordinated. The territorial Government now has too many small departments. What were once **branches** of a single department of government (under **DIAND**) are now separate, free-standing and even competing departments. Pressures are being placed on territorial expenditures by too many departments vying for scarce funding. The **GNWT** should simplify and streamline its operating capacity by consolidating its operating departments.
- The **GNWT** has created too many non-essential boards and agencies, which have added to the cost of government, undermined the emergence of local government, and confused the public. These boards and agencies should be scaled back.

- The Cabinet and the central machinery of the GNWT does not now have the capacity to meet the needs of central direction and unified management. It should be strengthened.

Second, in the area of service delivery, it is **recommended** that the government consider:

- Having the Northwest Territories Power Corporation assume responsibility for the distribution of petroleum products.
- Consolidating related classes of services now housed in separate departments (i.e. project management, engineering and design, etc.).
- Identifying the means for significantly improving the short, medium and long term participation of aboriginal northerners in the public service and the necessary linkage to the Northwest Territories' education system. The primary objective should be to develop a "home-grown" public service.
- Containing costs in the supply and demand for energy in the Northwest Territories.

Third, in the area of programs and program delivery, it is recommended that:

- The GNWT introduce and/or increase the use of co-payments and means testing where possible in the delivery of social programs.
- The GNWT introduce measures designed to increase residents' awareness of the cost of services provided, even when there is no direct return for the government. For example, residents of public housing units should be billed directly for their utilities, and submit the bills to social service workers for payment; rather than having bills submitted directly to the Department of Social Services.
- An information base on program output measures be developed and maintained.
- A formal mechanism for program approval be implemented. The review process should ensure the cost and policy implications of new program initiatives are analyzed carefully before approval is given.

Employment Development and Income Support Coordination

- Consideration be given to establishing a Department of Education and Employment with a mandate for delivering all of the programs related to employment development and income support, including social assistance.
- The Department of Education and Personnel continue to develop the model for Career Resource Centres as per the functions described in the Employment Development Strategy and, that Cabinet approve the development of an income support system that gives employable social assistance clients priority for service through Career Resource Centres.

Arctic College

- The campus structure of the college be rationalized.
- The **GNWT** contribution to Arctic College be determined through a funding formula.
- Funding priority be given to adult basic upgrading and that these programs be delivered largely through community learning centres.
- Arctic College market its programs more aggressively to third parties.

Health Services and Facilities

- The Department of Health must be given every possible encouragement to continue with implementation of its "Northwest Territories Way" model for health delivery and rationalization of hospital facilities.

Federal/Territorial Roles and Responsibilities

- Areas of overlap or duplication be examined by the **GNWT** with respect to efficiencies which may be gained in streamlined and coordinated program delivery.
- Detailed examination of **program** elements should be conducted prior to talks with the federal Government. **This examination** should include resources available, program rationale, specific client group, and opportunities for improved efficiencies.

It should be stressed that these are only some of the conclusions and recommendations of the Project. Many additional detailed recommendations are contained in Parts II, III, and IV of this Report. All the recommendations will need to be considered fully if the **GNWT** is to successfully restrain its expenditures.

Although it is beyond the terms of reference of the Project, one crucially important deficiency was observed by the Project Group: collective Cabinet authority is not sufficiently established to clearly over-ride individual ministerial authority. There is not a sufficient locus of power within Cabinet to maintain among ministers the discipline and solidarity essential to the effective operation of Cabinet government in the Canadian tradition. Under this condition, the **GNWT** will have great difficulty in recognizing the need for fiscal integrity, let alone in taking strong action to preserve it. This condition also makes it difficult to establish a framework for a unified approach to public management. It is strongly recommended that the new legislature of the Northwest Territories, to be elected in the fall of 1991, address this problem as its very first order of business.

As will be seen in this Report, many of the Project Group's recommendations involve tightened management practices within **GNWT** programs. **These** improvements will be essential if **cost-containment** is to be achieved. But inevitably, to meet the scale of the financial problem now facing the **GNWT**, the Project Group is convinced of the need for major structural change as well - structural change involving program integration, departmental consolidation, fewer boards and agencies, and a much different role for community government in the north. However, the Project Group is convinced that structural change can be used as a fresh start by the **GNWT** and the public service in much more effectively solving the difficult problems of northern Canada. The Project Group fully believes that is a goal shared by everyone.

The kind of government that would emerge from the Project Group's recommendations is one that would look quite a bit different from the **GNWT today**. But that is precisely what is needed. It would consist of two strong and complementary levels of government, with the territorial Government establishing the legislative framework, setting territory wide standards and performing central coordination, while providing strong back-up support to a more empowered and involved community level of government. Community governments must have the authority, scope, and resources to manage increased responsibility for social, cultural, and economic development, and other critically important aspects of community well-being. A northern model of government should be founded on the strength of two levels of government and structured along clear and simple lines which are well-understood by **people** of the north.

The Legislative Assembly, the Cabinet, and the public service are now in a position to put a unique northern stamp on government in the north. The recommendations of the Project Group are put forward in that light. Even with these changes it is recognized that **GNWT** finances will continue to be strained to the limit. But without these measures a mushrooming deficit cannot be avoided.

PART II: MANAGEMENT AND ORGANIZATION

CHAPTER 1: INTRODUCTION

A. THE SCOPE OF THIS PART

The Project Group, in this part of the Review, was asked to develop an efficient, **made-in-the-north** plan of management and organization for the **GNWT**. This **plan** was to provide a blueprint for the evolution of the **GNWT** over the next ten years.

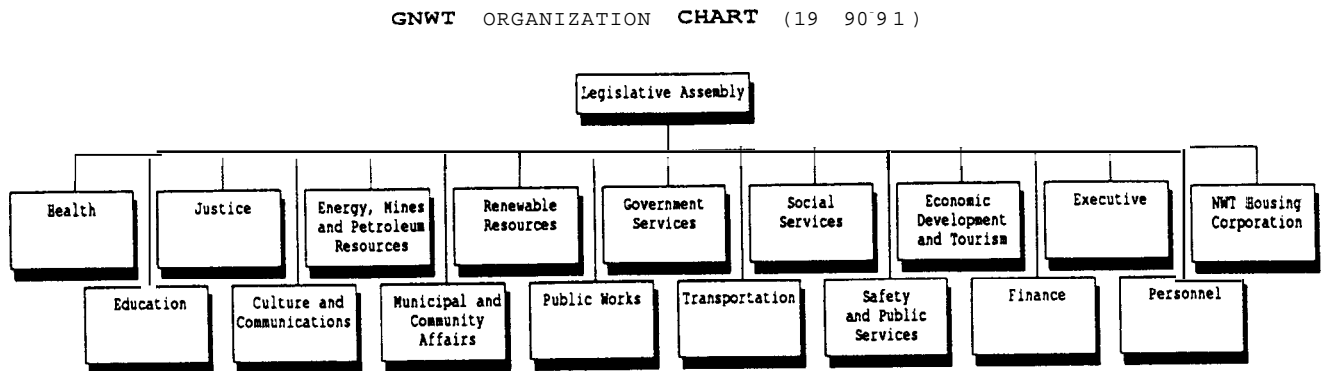
Northern government is today a complex amalgam of institutions and structures. The **GNWT** itself operates 375 programs delivered through 17 departments of government. All told, the **GNWT** now has a budget in excess of one billion dollars and a payroll of approximately 6,200 employees including boards and agencies. (Figure 2)

Community governments, starting in 1970, have now been created in most northern communities. A large number of boards and agencies (800) also exist, most of them providing an advisory function and operating outside the formal structure of the **GNWT**. In addition to these institutions of government, there are also Band Councils in the western arctic, and new boards of management are being created by the claims negotiations.

In a Review of this kind, the specific issues under examination necessarily had to be selective. Accordingly, the Terms of Reference focused the work of the Project Group in the following areas of management and organization:

- the elements of a more efficient and durable relationship between the **GNWT** and community governments;
- a role for departmental headquarters which would be more fully supportive of community governments;
- the effects of widespread proliferation of third party boards and agencies in the **GNWT**;
- operating department structure, and the potential to create a less costly and a better organized structure through consolidation and amalgamation of departments;
- the role of regional operations in the **GNWT**;
- the layers of management in the **GNWT**;
- the needs of government for central direction and the central machinery of the **GNWT**.

FIGURE 2: GOVERNMENT ORGANIZATION



SUMMARY OF THE TOTAL PERSON YEAR REQUIREMENTS FOR THE GNWT
AND RELATED INFORMATION FOR MAJOR FUNDED AGENCIES* (1990-91)

	<u>Person Year Complement</u>
Legislative Assembly	17.5
Executive	153.3
NWT Housing Corporation	157.0
Finance	153.3
Culture and Communications	99.3
Personnel	115.0
Justice	100.9
Safety and Public Services	65.0
Government Services	140.8
- Revolving Fund	92.0
Public Works	417.7
Transportation	189.4
Renewable Resources	254.5
Municipal and Community Affairs	151.8
Health	126.8
Social Services	431.9
Energy, Mines and Petroleum Resources	25.9
Economic Development and Tourism	139.1
Education	473.2
Total Department Person Years	3,304.4
Health Boards	1,174.1
Arctic College	211.0
Divisional Boards of Education	1,125.1
Housing Associations	337.0
Total Board/Agency Person Years	2,847.2
Total Department and Board/Agency Person Years	6,151.6

* Figures relating to agencies have been provided by the agencies. Agency data may be based on positions or some other workforce measure different from the GNWT person year system.

In the space of time available, the Project Group has looked at all of these issues and has drawn a number of conclusions **and** recommendations. This report proposes a new and more efficient plan of management and organization for the **GNWT**. This plan has been developed to allow the **GNWT** to **build up** strength at two levels of government, in order to better meet the needs and challenges of northerners in the context of modern northern community life.

B. THE CHALLENGE OF NORTHERN GOVERNMENT

The **GNWT** exists to serve the 64 communities of northern Canada and the 54,000 people who live in those communities.

The challenges of this task are many. Perhaps the most obvious is the physical challenge of serving 64 communities spread across one-third the land mass of the world's second largest country. The people of Canada's Northwest Territories are a pluralistic, multi-ethnic society of **Inuit** and **Inuvialuit** (35%), Dene (17%), **Metis** (6%) and non-native (42%). There are nine official languages in the Northwest Territories, of which seven are traditional native languages. The north is the only jurisdiction in Canada where native people are the majority. They form the largest share of the population, the electorate, and the representation in the Legislative Assembly.

The north is a young and changing society. More than half its population consists of young people under the age of 25, who are growing up in a world of Detroit television, modern homes, personal computers and **mega** projects. Yet the trappings of modern life are superimposed on native value systems, culture, and languages which are, centuries old.

Against this backdrop, effective northern public administration is difficult and complex in a way unexperienced by any other Canadian political jurisdiction. The **GNWT** must respond to a world of change and contrast between new and old, a world which at one and the same time holds rotating southern work crews and centuries old northern traditions, **mega** projects and micro communities, deeply felt cultural values and ultra-modern technology, untouched beauty and environmental contaminants, and new jobs and nagging unemployment.

The north is a constant contrast of old and new, big and small, ruggedness and fragility.

Moreover, northern public administration must continue to be carried out smoothly while the very nature of government in the north is still changing. The territorial Government continues to assume province-like powers from the federal Government. These must be absorbed smoothly. At the same time, pressures for aboriginal self-government remain strong and land claims are producing new institutions of co-management. Finally, division of the Northwest Territories into two territories, which would redraw the northern political map completely, is proposed for 1997.

Communities As A Way Of Life

The many counter forces in Canada's north, between old and new and big and small, are most strongly felt in the communities of the Northwest Territories.

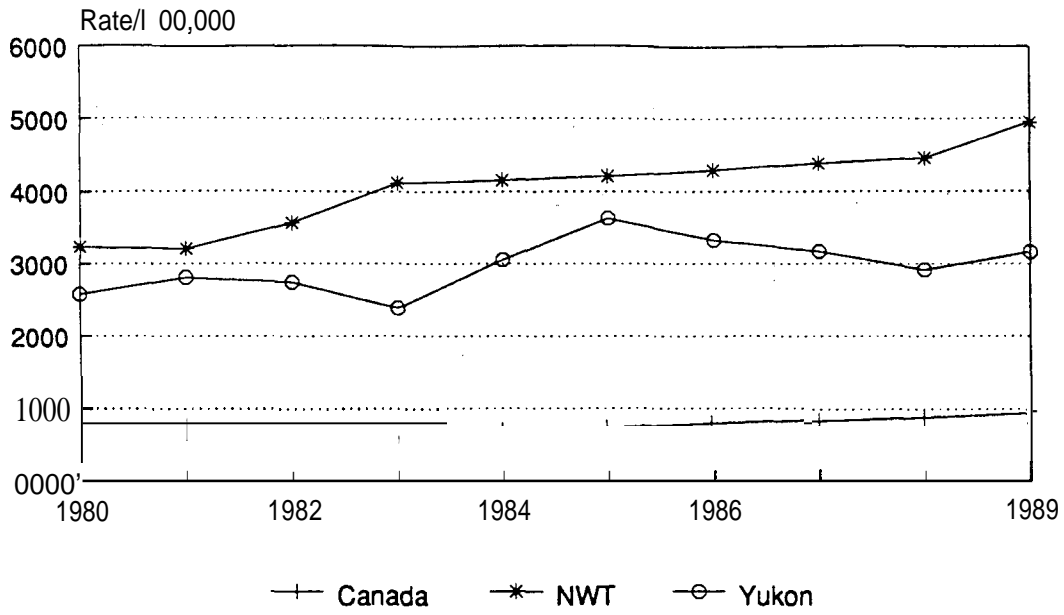
Outside of **Yellowknife**, dozens of communities dot the northern landscape. The thin northern population base of 55,000 people is spread across 64 widely separated, often very small communities. Three communities, **Iqaluit** (formerly **Frobisher Bay**), Inuvik and Hay River, each have about 3,000 people. There are, in addition, eight other communities (**Pangnirtung**, Baker Lake, Eskimo Point, **Rankin Inlet**, Cambridge Bay, Fort Smith, Pine Point, **Rae-Edzo**) with more than 1,000 residents. The remaining population is scattered among the other communities, many of them isolated harvesting **centres**. In the eyes of many southern Canadians these communities seem too small and too remote, but these communities are the north, and the success or failure of northern development rests on how well these communities can develop socially and economically over the next decades.

No two northern communities are the same. Some are nestled in the forests of the Mackenzie Valley, others are located in the treeless high Arctic, three time zones away. Some sit quietly by themselves, while still others are located next to rich resource deposits and huge mega projects, which bring with them outside cash and rotating work crews. Some **date** back to old trading posts while others are more modern, government-created administrative **centres**.

Yet all are showing the strains inherent in the modern north. Although **many** northerners have arrived at a life-style and work-style which allows them to live and work successfully, there nonetheless remain disturbingly and stubbornly high incidence of alcohol and drug abuse, boredom, unemployment, family violence, suicide, disease, and under-utilization. There are many manifestations of community stress (see, for example, Figure 3 and 4).

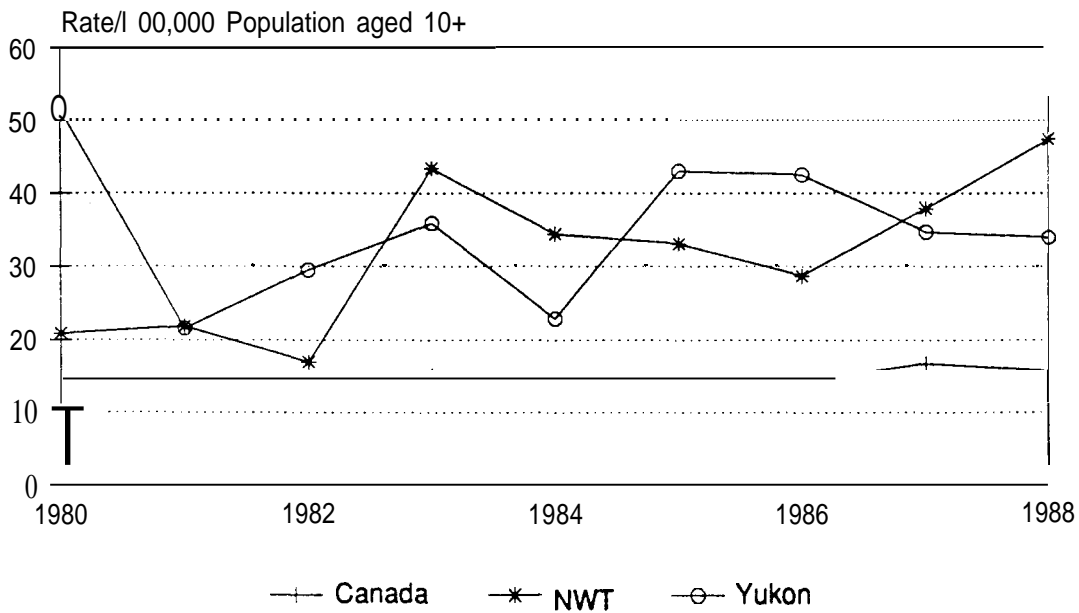
Violence (accidents, suicide and homicide) is the leading cause of death in the north. Violent deaths occur at much higher rates than in the general Canadian population. A particular concern is suicide, especially among the young Native population. During the **1980s**, the Northwest Territories suicide rate was more than twice the Canadian rate; in the age group 15-24, the Northwest Territories rates were more than five times the Canadian rate. **Also**, poor health status contributes to community stress. Even tuberculosis, virtually eradicated elsewhere, persists as a problem - an outcome of overcrowded housing conditions.

FIGURE 3: VIOLENT CRIME
Canada, NWT and Yukon



Source: Statistics Canada
Catalogue 85-205, Statistics
Canada Demography Division

FIGURE 4: SUICIDE RATES
Canada, NVVT and Yukon



Source: Rpt. of the Canadian Task Force
on Suicide in Canada 1987: GNWT Dept of
Justice 1989, YTG Bureau of Statistics

About 20% of the Canadian population 15 years and older is **functionally** illiterate; the rate for the native Northwest Territories population is 72%. Almost three quarters of the north's native population is therefore under-equipped to participate in a modern wage economy (see Figures 5 and 6). Many younger northerners at the same time are not acquiring the skills to participate in the traditional pursuits on the land. There is a very real danger that many northerners will become unskilled in two economies. Unemployment runs at 50% or greater in many of the smallest communities (and much higher if government jobs are **subtracted**).

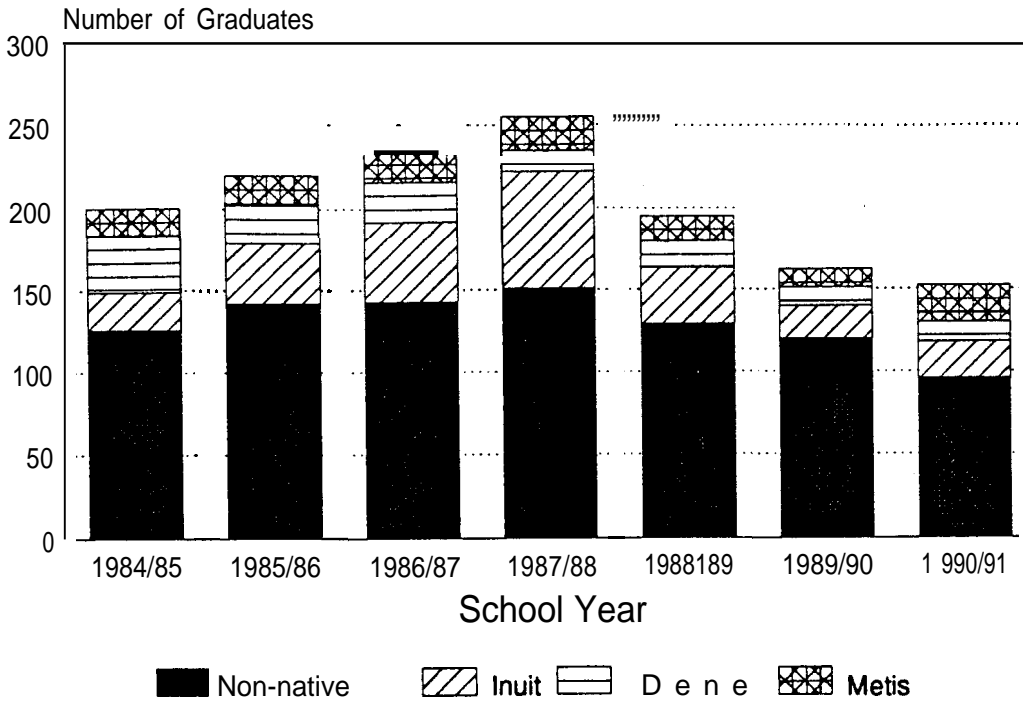
For the large numbers of northern young people now growing up in northern communities, these figures are tragic and disquieting. Too many northern natives - and especially **the young** - see themselves in a unforgiving time mirror, looking back at a past they cannot recapture and forward at a future which they cannot picture.

The north is now in the middle of a long process of adjustment in which permanent communities have become the dominant institution of day-to-day life. Northern communities will be where people have to live and work, whether it be in Ft. Simpson, Ft. Norman, **Igloolik** or **Inuvik**. Some may of course choose to move onto southern Canada, or other larger centres. The needs of the mobile cannot be ignored.

But for the vast majority of northerners for whom northern communities are and always will be home, living will revolve around the same fundamental equations of life as anywhere else: the need to raise a family, instruct the young, care for the elderly, have fun, and make a living. Whether this process is **labelled** economic development, social development, **socio-economic** development or community development hardly matters, except that these somewhat bureaucratic terms sometimes mask what is the simple yet essential need to curb the mounting human problems, and create greater social and economic stability for the people of northern communities.

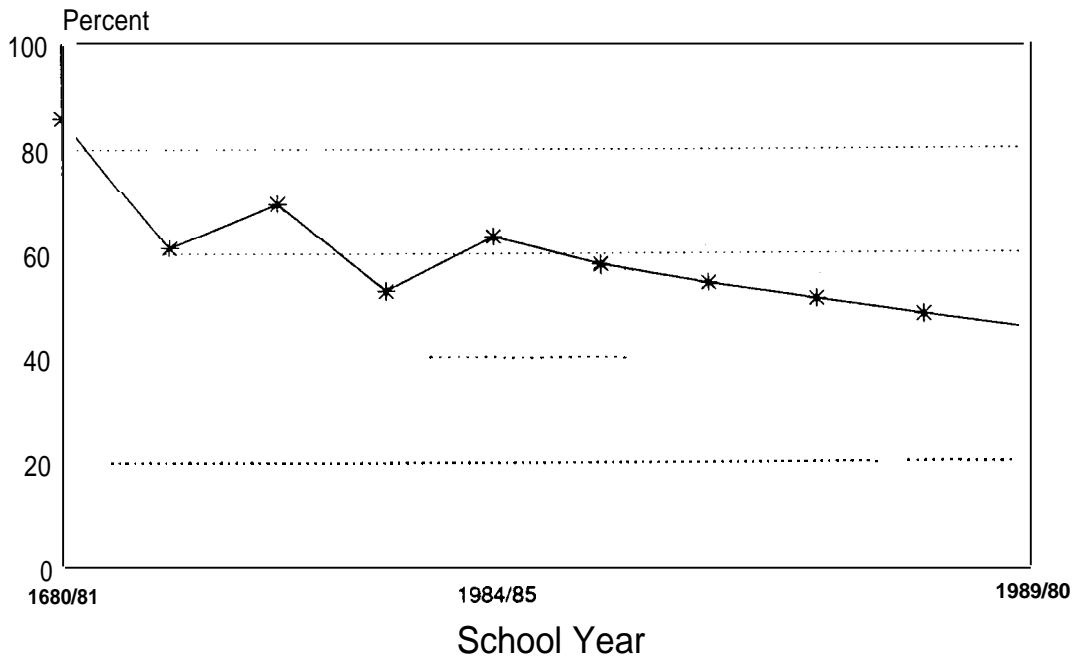
That is the focus and that is the goal of northern development.

FIGURE 5: NWT HIGH SCHOOL GRADUATES



Source: GNWT Dept Of Education

FIGURE 6: GRADUATES AS A % OF GRADE 12 ENROLLMENT - NWT



Source: Department of Education and Bureau of Statistics

The **GNWT** is now the dominant institution in the north. By virtue of the command it has over, what is by northern standards, an enormous pool of resources (a budget of \$1 billion dollars per annum and a payroll of 6,200 civil servants), it has a huge impact in northern communities. Yet this size is a mixed blessing. On the one hand, if used properly and efficiently, an institution of this size can produce enormous benefits for the north and the communities of the north. In many respects it has done this as the level of infrastructure in the north now clearly shows. On the other hand, an institution of such enormous size, especially in relation **to** the communities it serves, runs the risk of crowding out or crushing community initiative. If the people of the northern communities produce less and less for themselves, due to feelings of powerlessness, inadequacy, or an inability to cope, the result will be the reverse of economic development, it will be economic contraction. This will be a slide the **GNWT** cannot afford, since it simply does not have the revenues to provide for all the needs of northerners. An economy where half the people are under-employed and dependent on government is an economy which no government can afford.

The **GNWT** may now be at a turning point. The balance it strikes in what it does for northern communities and what it does with northern communities will be critical. A sustainable northern economy depends on each northern community and each person in that community becoming more fully employed, whether on the land, in the community or in the home. There will be no parachute solutions. The economic potential of northern Canada will be far greater, if **each** community is motivated to meet more of its own needs, or to meet the need of exports markets, and is equipped and able to take on that task.

That is the challenge facing the **GNWT** and the departments and agencies it operates.

CHAPTER 2: COMMUNITY SELF-GOVERNMENT **IN** THE NORTH

A. THE NEED TO RETURN GREATER RESPONSIBILITY TO THE COMMUNITY

Behind the modern infrastructure of northern communities, there is a weak and fragile economy. The modern north is largely a government-created modern north, and the very success of the government achievement masks questions about where northerners fit into their own communities. The tremendous pressures now being exerted on **GNWT** expenditures (for social assistance, housing, and community programs) are closely tied to the decline of a sustainable and self-sufficient economic base at the community level. The best social policy for the north is therefore an economic policy which places at the forefront greater community self-sufficiency. The path to greater community self-sufficiency, and better **GNWT** expenditure management, will lie in the same direction: restoring a greater measure of community-based responsibility for building (**re-building**) a strong and more sustainable economic and social base.

The Catch-Up Period

The era of modern government in the north began slowly in the 1940s, and picked up speed considerably in the 1960s and **1970s**. Starting with schools, nursing stations, and family allowance **cheques**, the range of government services accelerated quickly to include housing, water and sewer, airports, social assistance, libraries, public buildings, child services, small business grants, and power plants.

All of this activity was driven by the need to catch up and introduce to the north the benefits of modern health care, recreation, schooling, transportation, heating systems and jobs. This program of modernization was started by the federal Government, and then increasingly taken up (in the **1970s** and **1980s**) by the new territorial Government as it assumed more responsibility for public administration.

This activity went hand-in-hand with the introduction of permanent communities. People who were formerly migratory were encouraged to relocate into permanent settlements where modern benefits could be provided. The success of adjusting from the old to the new (community) way of life is not over, and in fact has hardly begun. There are still a great many questions to be resolved about how people of the north will live and work in their new settings. Stable models of living and working will need to evolve if northern communities are to endure in an economically and socially viable way.

The Dependency Problem

One of the inevitable consequences of the growth of government was the diminishment of responsibility and self-sufficiency at the **local** level. Native northerners for generations had their own fully functioning economy. It was a “subsistence economy” but nevertheless all the elements of economic life were provided for: food harvesting, transportation, tool-making, caring for the sick and elderly, instructing the young, and provision of housing. These economic activities were provided by a structure of responsibility (a “**labour** force”) which was based on well-defined roles for individuals, parents, elders, families, kinship groups, bands, and tribal councils.

In a period of relatively few decades, a major shift of responsibility away from this structure took place, and passed to government. Native northerners still engaged in hunting, fishing, and trapping, which had always been an essential component of northern life, but only one component. In other areas, the native population produced less and less of their **basic** economic needs, to the point where the government builds and maintains most housing in the communities, and is the largest landlord in the north. The government builds public buildings, and operates schools, nursing stations, libraries, and homes for the elderly. The government provides social workers, social assistance, drug counseling, alcohol treatment centres, and family services.

While many of these benefits are welcome, over a short period of years, almost 90% of the economy of the community was eliminated, and replaced with a government-created economy in which most northerners did not participate.

None of this has been the deliberate intention of government. To the contrary, it **has** rather been the impact of many forces of profound change, of which it would be impossible to ignore the dislocations caused by the rapid and overwhelming introduction of Western-style technology, business, languages, television, medicine, schools, culture, and the collapse of fur prices. “Big government” was only one of these factors, but no matter how **delicate** government tried to be, the size of government made it a **mis-match** for small communities. The catch-up **period** required a large-scale effort, but there was an inadvertent consequence. Going from a position of being fully responsible for their own lives, community residents became only marginally responsible. Community residents to a large extent have now become dependent on government and government assistance.

The GNWT recognizes the problem of dependency and is seeking to establish a new course. The problem has been stated frequently and eloquently. The recent **report** of the **Special** Committee on the Northern Economy (SCONE Report) set out clearly the need for change.

How can we reduce the continued dependence upon government which seems to be creating a northern “Welfare State”? How can we slow down and reverse what many feel is the moral and social disintegration of our communities? @. IO)

*There is undoubtedly a serious need to review and reform the total **welfare** system. We cannot continue to **automatically** implement a system which fosters dependence upon government, rewards non-work rather than work, erodes self-confidence, and helps to kill the spirit of initiative. @.19)*

*During our community visits, we were **often** disturbed by the totally unrealistic expectations that some people had of government. Government was blamed for all **ills**: government was **expected** to respond to all needs.*

*As this happened time and time again, we began to appreciate **that** there **was** something intrinsically wrong with the way we were doing things. We were providing more and more services **at** the **community** level. But instead of helping people to stand on **their** own two feet, we were **making** them more and more dependent.*

*We were particularly concerned when we looked toward the **future**. A rapidly growing population 'would mean that we would have to provide more and more services. But more services would likely create more dependency, especially among our young people. Was there a way out of this vicious circle? @.45)*

The Special Committee was troubled by a future vision of northerners living out their lives as taken-care-of dependents in semi-comfortable, government run communities. It would be a bleak and unattractive downward spiral: loss of responsibility - dependence - more loss of responsibility - more dependence. The cost of this spiral would be large. The social cost would be seen in reduced self-esteem and self-worth, Those who have **been** left with less to do are the first to feel the pain of that condition. There would also be social program costs, in the form of social assistance, alcohol and drug abuse, family abuse and violence. And finally there is an economic cost - what economists would call under-utilization of human capital; in other words, people and their talents not being fully used.

In a study of government operations it would be glaring oversight not to mention the inefficiency which this would represent. Thus on these grounds alone - the social cost, the **social** program cost, and the economic cost, the return of greater community self responsibility and **self-sufficiency** is essential. As the SCONE Report noted, neither the communities nor the **GNWT** can afford the alternative. Community residents would resent the loss of control over their own lives and the **GNWT** will simply not have the revenues to distribute housing, social assistance, and community facilities to a population which is less and less able to provide for itself.

Beyond the Catch-Up Period - A Return to Greater Employment

The future **prospects** for northern communities hinge very strongly on how well **communities can** re-focus their efforts and their skills in taking on more of the work that needs to be done. The capacity to take on a far greater range of essential economic activity must be restored by a sustained and coordinated effort of communities and the **GNWT**.

Economic life in communities will always revolve around some fundamental needs. At a minimum (and this is only an illustrative list) this would include such things as:

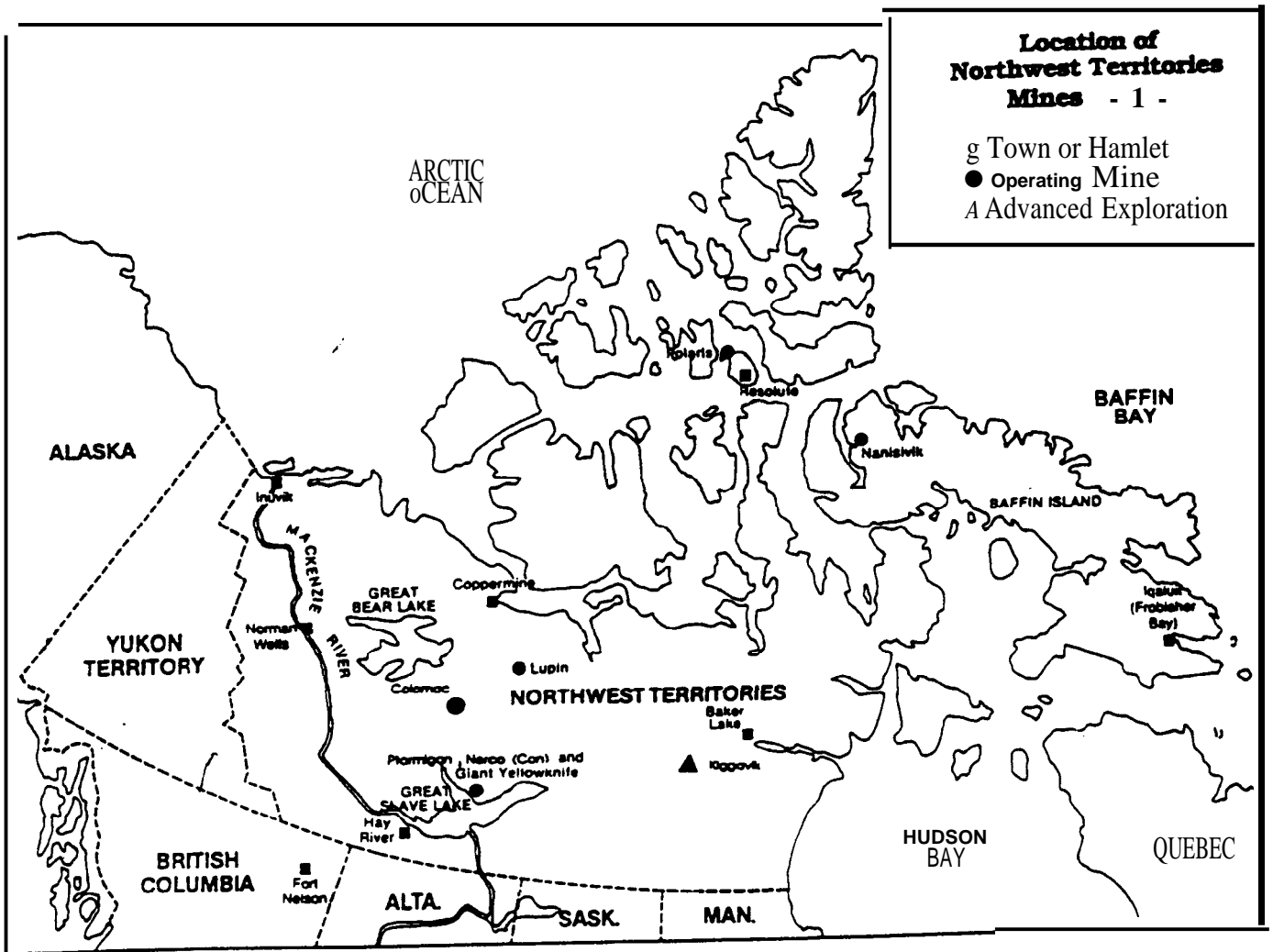
- you will always need food;
- you will always need housing;
- you will always need clothing;
- you will always need **recreation**;
- you will always need someone to instruct the young;
- you will always need a source of heat.

Greater community self-sufficiency must start by focusing on the ability to meet basic day to day economic needs. The more these needs **can** be met by the community, the more jobs there will be in the community. This is the path to greater employment. In some cases, northern Canada's mineral and oil and gas riches will provide opportunities for **resource-based mega-**projects, but while major resource projects will always be important, it must be recognized that they are only available in a minority of northern communities (see Figure 7), and they often have a boom-and-bust **lifecycle**. (What was once a flourishing mine at **Rankin Inlet**, for example, only lasted five years between 1956-62). Moreover, as the **Berger report** noted:

*It is self-deception to believe that large-scale industrial development would end unemployment and underemployment of native people in the North. In the first place, we have always overestimated the extent to which native people are unemployed and underemployed by understating their continued reliance on the land. Secondly, we have never fully recognized that industrial development has, in **itself**, contributed to social, economic, and geographic dislocation among native people. (Vol. 1, page 123).*

The focus of community effort may therefore include large-scale developments or exportable products, when these opportunities are feasible across the north: minerals, oil and gas, sawmills, fish and meat plants, and tourism. Equally though, communities should aim their efforts at reducing the heavy dependency on imports, whether in local housing construction or local food production. According to the **SCONE Report**, each year northern communities import more than \$1 billion of materials, goods, and construction, at a time when there is often more than 50% unemployment in those communities. These imports include for example, \$120 million in food products. Communities in the Mackenzie Valley which once grew their own vegetables - and even had a surplus - no longer do so.

FIGURE 7:



But whatever the focus of their efforts, the point being made is that the effort must be founded on the capabilities and initiative of each community. Each community must ask itself:

- Where does the community buy its groceries, automobile gas, clothing, construction supplies, and heating fuel?
- What portion of these expenditures take place away from the community?
- What can the community do to assert a greater degree of self-reliance and self-sufficiency?
- What unique community values should form the basis of the way the community will organize itself?
- What business make the most economic and social sense to the community?
- Where do we go from here?

These questions will have to be asked and answered, if northerners are to be fed, clothed, housed, and healthy. This is all the more critical as northern communities face a huge bulge of young people (see Figure 8). Estimates prepared for the SCONE Report showed the magnitude of this challenge. In the 46 smaller, under-developed communities of the Northwest Territories (where unemployment and under-employment is now greatest) a total of 11,400 new jobs will be needed over the next ten years. The challenge facing the GNWT will be to create the means for people of those communities to come to grips, on their own terms, with the job (and the jobs) of meeting a much greater range of the economic needs and social responsibilities in their own communities, e.g. harvesting of their own food, the construction of their own shelter, and the care of their elderly.

Toward A More Sustainable Economic Future

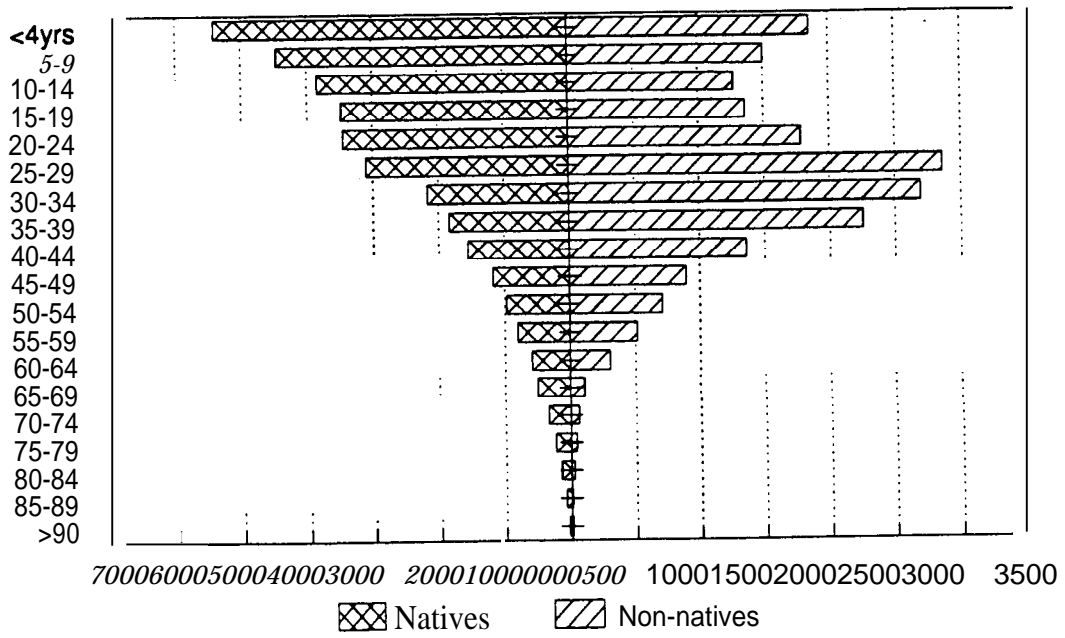
*Economic development **must flow from, and reflect** the spiritual and cultural values of the people who live in the community.*

*Economic development is not an end in itself. It is a means to an end - a way of helping people live their lives in a way **that** corresponds to their values and **beliefs**. **That** is why choosing the kinds and manner of development is so important. Some **kinds** of economic activity might promote the values of the community; other kinds of economic activity might destroy or weaken those values.*

*Because of the direct relationship between economic development on the one hand and a community spiritual and cultural values on the other, communities can not be developed from the outside or from the top down. Communities must develop themselves. **The** process of community economic development **occurs from** the bottom up, from the inside out. **The** role of government is to assist, **support**, negotiate, train, facilitate, share resources, share power, and share **decision-making**.*

(SCONE Report -1989, Page 47 and 48)

FIGURE 8: NWT POPULATION BY AGE AND ETHNIC GROUP - June 1990



Source: GNWT Bureau of Statistics

Northern communities which do want to meet more of their needs will need assistance, but they must arrive at their own culturally-based methods and models of being productive. The SCONE Report makes this quite clear. How community residents choose to organize themselves to **meet** this responsibility may be a blend of old and new ways. Communities may choose to organize their efforts along many different lines, whether band development corporations, **Co-ops**, employee-owned business, community development corporations, private enterprise, community enterprise, or individual small businesses. This does not matter. What matters is that they organize in a way they choose, and in a way that works.

The territorial Government is an indispensable partner in this process, and can assist by further sharing and transferring (dollars, resources, training) those program areas and responsibilities which are integral to community economic and social life.

This might include (for example):

- 100% responsibility for building houses in the community;
- 100% responsibility for building and maintaining local public works;
- 100% responsibility for the social welfare of the community, and the eradication of drug and alcohol problems;
- 100% responsibility for the education of the young;
- 100% effort to expand the production of grown and harvested country food.

Perhaps this process could be completed in 10-15 years, if the right training went hand-in-hand with the transfer. One thing is clear: it will be difficult and there will be mis-steps. Just as the process of losing these elements of the economy was difficult and traumatic, the process of regaining them will be equally difficult.

Restoring a community economic base will have to start with a community's own culture, organization, discipline and hard work. Strong community economies will grow the same way all economies grow, through a strong desire to produce or do something for oneself or somebody else, whether that somebody else is across the street or across the world. That essential economic and self-reliant impulse is the first step. Some communities **will** have it, some may not, but for those which do, the second step is "fuelling" the process with the resources available at the local level. More of the resources available in the community must be made available to the community for use by the community: all the services (schools, training funds, social assistance, housing programs, business funding) must be carefully fused together in a workable whole.

As it stands today, communities do not have sufficient control over the tools and the resources they need to meet the task. The community is fractured into dozens of different pieces, and each piece is pulled by strings which extend back thousands of miles to the hands of a distant administration. There are too many highly fragmented, distantly controlled streams of programming coming into the community for strong action to be possible. The GNWT operates 375 programs, which represents more programs than there are people in many northern communities. Add to this the many streams of federal programming coming into each community, and the degree of severe fragmentation is evident. Proper coordination of resources is impossible.

Distant civil servants - no matter how far-sighted and well-meaning - will never take the place of community residents in creating a blueprint for modern community life. (What someone described as short term residents making long term decisions.) Plans created from far-away will not have the vital ingredients for success - local commitment and vision. Northern people and northern communities must take a more active part in mapping out a vision of social and economic life in which each person can see that they have a productive and meaningful role to play.

Greater economic self-sufficiency for most northern communities will therefore have to be evolved by communities and the GNWT in unique ways. The pattern for northern community economic life **will** not be found elsewhere. In no other culture is the value of land - and the hunting, fishing, trapping lifestyle - such a vital component of economic and social life. Many of the food basket needs of northern households **can be met in this way**. Nowhere **else are the** communities so small and distant, which will make impossible the kind of highly specialized wage economy seen elsewhere. Northern community economic life will have to respect and reflect occupational versatility, flexibility, adaptability, home production, the rhythm of a seasonal lifestyle, and household self-reliance. Community households must be flexible and proficient in harvesting, gathering, processing, servicing, construction, repair and other support activities. The hunter whose skidoo breaks down in the bush cannot rely on a fly-in mechanic.

The case presented here should not be interpreted as a **return** to an economic life of the distant past. Nor should it be interpreted as a simplistic case for a totally self-contained community economy. Neither of these paths is feasible. Northern communities live in the broader context of a Canadian economy and a global economy. A modern north offers many new opportunities for people of northern communities, whether in trucking, airlines, broadcasting or real estate. Some northern communities will have access to medium and large-scale economic projects and native northerners must be positioned to benefit from these projects and their spin-offs. Communities must work hand-in-hand with the GNWT and senior economic planners in capturing the employment and business benefits which every opportunity provides.

Strong Leadership at Two Levels

For the Northwest Territories, greater economic strength and self-sufficiency rests on greater community strength and self-sufficiency. The acute and growing problems of northern unemployment, under-employment, under-utilization, and under-production can be arrested, but a new approach must be adopted. The GNWT has taken community development a considerable and impressive distance: a strong infrastructure of facilities and resources is now firmly in place. Now the GNWT must turn its attention to supporting community-based initiative and restoring strong community-based leadership. Getting to the bottom of community problems will require a major bottom-up effort.

The process of developing workable models of community life over the next decade will require strong leadership, but strong leadership at two levels: the community level and the territorial level. A more equal partnership will need to be forged if the effort is to succeed. The partnership cannot be one-sided.

The government of the north will need to move to a new form of organization, one which combines the advantages of both small and larger units. Stronger and more durable community governments will need to be created and linked together with a strong territorial Government.

B. GOALS OF COMMUNITY GOVERNMENT IN THE 1990s

Community leadership, and elected community governments will have an extremely important role in the future. It is the view of the Project Group that community governments must play an integral part in the process of adjusting to modern community life, and in developing more stable and self-sufficient patterns of life and work in the community.

The Project Group puts forward the following as goals which might guide the future development of northern community government. The scope, authority, and resources of northern local government in the 1990s, should be such as to enable it:

- to perform efficiently a wide range of profoundly important tasks concerned with the safety, health and well-being, both material and cultural, of **people** in different communities.
- to **marshall** the energy, talents, and capabilities of community residents, in ways that are productive and meaningful, in order to meet the needs of full community employment and greater economic self-sufficiency.
- to develop enough inherent strength to **deal** with territorial authorities in a valid partnership, and
- to adapt itself, without disruption, to the present unprecedented process of change in the way northerners live, work, and enjoy themselves.

C. THE FIRST STEPS TOWARDS A STRONGER ROLE FOR COMMUNITY GOVERNMENT

Since 1966, the **GNWT** has stated its intention to create strong and more prominent community governments. Many **GNWT** position papers confirm this and while the first steps have already been taken, the most critical steps lie ahead.

In the period 1970-1990, the **GNWT** created local governments across the north, and turned over to them services which can be characterized as “services to property”: water supply, sewage and waste collection, fire protection, recreation programs, and operation of local airports. In a sense, this can be regarded as “Phase 1” in the evolution of community government in the north. Local governments now operate in over 45 communities, with a combined budget of approximately \$80 million, and a staff complement of approximately 1,000 people. In addition to the City of Yellowknife, there are four towns; Fort Smith, Hay River, **Inuvik**, and **Iqaluit**; and two **villages**: Norman Wells and Fort Simpson. There are 36 hamlets, and three settlements. (See Figure 9)

“Phase 2” of community government intends to augment the current services to property with broader responsibilities for “services to people”. Figure 10 illustrates the proposal for the further development of community governments. Phase 2 in the development of community government represents a major step for the **GNWT**. It signals a new partnership and new balance in the relationship between the territorial Government and the communities of the north. It is a recognition that “managing the north” is a large and difficult task which requires the combined and fully harmonized efforts of two strong levels of government.

However, for such a major initiative, what is needed is a more efficient and better managed plan of implementation. To fulfill Cabinet’s intentions to bring communities in as strong partners in managing the north, the steps in this direction will have to be given the proper time, energy, and resources. For example:

- the new responsibilities and resources which are to be transferred to communities will have to be clearly identified, and defined in detail
- communities which have expressed an interest in transfer will have to know how to start the process
- the explanation and promotion of transfer will need to be stepped-up
- the steps and procedures for transfer need to be spelled out, and a mechanism for actually transferring legal responsibility and financial authorities has to be developed
- more than one department (not just Social Services which is now the case) will need employees who are specifically responsible for transfer of programs

The Project Group has examined the elements of an efficient and well-managed plan of implementation for the further development of community government in the north. At the **centre** of this plan of implementation is a proposed new mechanism, “Community Transfer Agreements”. This mechanism has been designed with a view to increasing the efficiency of future community-based programs, and providing a means for achieving greater cost containment in the future.

FIGURE 9:

COMMUNITY STATUS - JANUARY 1, 1991

Communities Legal Status)	Bathurst Inlet Dettah Fort Good Hope Jean Marie River Laksa Lake Lahanni Butte Lanisivik Lac Lakes Lanare Lake Lanowdrift Lanout Lake Lanungsten	
Settlements	Colville Lake	July 12, 1990
Settlement Corporations	Arctic Red River Enterprise Fort Resolution	January 1, 1990 July 1, 19X:
Charter *unities		
Hamlets	Aklavik Arctic Bay Arviat Baker Lake Broughton Island Cambridge Bay Cape Dorset Chesterfield Inlet Clyde River @ P - Coral Harbour Fort Franklin Fort Liard Fon McPherson Fon Norman Fort Providence Gjoa Haven Grise Fiord Hall Beach Holman Igloodik Lac La Martre Laksa Harbour Lanangirtung Lanaukuk Lanauy Bay Lan Pond Inlet Lan Rae Edzo Lan Rankin Inlet Lan Repulse Bay Lan Resolute Bay Lan Sachs Harbour Lan Sanikiluaq Lan sperm Bay Lan Tuktoyaktuk Lan Whale Cove	January 1, 1974 July 1, 1976 December 1, 1977 @ 6, 1977 August 31, 1979 April 1, 1984 April 1, 1982 April 1, 1980 July 1, 1978 April 1, 1981 April 1, 1972 April 1, 1972 April 1, 1987 November 1, 1986 April 1, 1984 January 1, 1987 April 1, 1981 October 1, 1987 April 1, 1978 April 1, 1984 April 1, 1976 April 1, 1966 April 1, 1982 April 1, 1972 April 1, 1987 April 1, 1972 April 1, 1975 April 1, 1971 January 20, 1975 May 1, 1978 November 3, 1987 April 1, 1966 April 20, 1976 April 1, 1981 April 1, 1970 July 1, 1976
Villages	Fort Simpson (Hamlet) Norman Wells (Hamlet)	January 1, 1973 (July 1, 1969) April 1, 1986 (April 1, 1981)
Towns	Fon Smith (Village) Nay River (Village)(Hamlet) Inuvik (village) Iqaluit (Village)(Hamlet) Pine Point (Village)(Hamlet)	October 1, 1966 (L.A.D. - 1958) July 18, 1963 (1953)(1949) January 1, 1970 (April 1974) October 1, 1980 (April 1, 1974)(July 1, 1971) April 1, 1974 (Jan. 1, 1973)(June 1, 1969)
City	Yellowknife (Town)(Municipal Dist.) L. A. D.)	January 1, 1970 (July 18, 1963)(June 30, 1953) (December 18, 1939)

FIGURE 10:
THE EVOLUTION OF LOCAL GOVERNMENT IN THE NORTH

	Phase 1: 1970 - 1992	Phase 2: 1992-2000
1. Programs and Services Turned Over to Local Government	<ul style="list-style-type: none"> • Water/Sewer • Street Lights • Airports • Fire Protection • Town Planning • Garbage Collection • Street Maintenance • Recreation 	Possibilities: <ul style="list-style-type: none"> • Day Care • Economic Development • Housing • Drug and Alcohol Treatment • Welfare • Adult Education • Schools • Crisis Shelters • Others?
2. Driven By	Municipal and Community Affairs	Cabinet and High-level Implementation Group
3. Local Government Budget	\$80 Million	?
4. Local Government staff	1,000 employees	?

The Question of Band Government

It should be noted that the Project Group was not asked to comment on either the “what” or the “who” of community transfers. In other words, the Project Group was not asked to recommend on the range of programs which might be transferred. Nor was it asked to recommend who might receive the transfers. This latter question becomes important especially in the communities of the western arctic where Band Councils often exist side-by-side with municipal governments.

Nonetheless, it will be apparent from the preceding section that the Project Group believes that traditional structures of responsibility should be restored to a more prominent position in the north of the future. The Project Group is aware that the GNWT has in place the Charter Communities Act, which is unique in Canada. This legislation allows Band Councils to combine with non-band members under a local government structure which is compatible with Band tradition, but covers the entire local (band and non-band) population.

To date, there are no charter communities. Whether or not this legislation is flawed in one respect or another, the Project Group does not know (i.e. too complicated, improperly understood, etc.). Nonetheless, the Project Group assumes that continued flexibility will be provided, and that bands will play an important role in community government. Communities must be allowed to come forward with a local government structure acceptable to them - whether a “blended” or “hybrid” structure of some form or another. So long as it respects local tradition and so long as it represents the entire population, the **GNWT** should be prepared to advance the transfers of responsibilities to that community.

Efficiency at the **Local** Level: Doing the Job Successfully, at Least Cost

Community governments are now in place in most northern communities but they are not fully at the forefront in solving community problems, and making communities better places to live. While services to property are essential, they cannot be considered to be the real bread and butter programs that affect people’s lives. Because of the limited role they have been assigned, northern community governments do not now have the capacity to take on the responsibilities of broader community leadership.

Rather than creating a single pinnacle of responsibility for social and economic affairs at the community level, the **GNWT** has instead created and divided responsibility among a host of other community-based committees and agencies (often as many as two or three dozen) which operate outside of and apart from the elected community government. These groups in some cases provide advice on **GNWT** programs, while in others, they are major players in program delivery (e.g. daycare societies).

This community input is in accord with the general thrust of community responsibility, but there are a number of restrictions, limitations, and inefficiencies in the way **the** communities have been fragmented:

- there is no overall leadership for tackling major community problems;
- communities have no ability to move funds from low priority to higher priority concerns;
- problems are not met head-on because while the problems are linked (e.g. alcohol and **spousal** assault), the programs and resources are not;
- resources at the local level are often spread very thinly, and many of the smaller groups do not have strong leadership, administrative, accounting or management skills;
- community-based groups have very little room to modify or reconfigure programs, and the particular needs of the specific community are not **recognized** in the “cookie-cutter” program designs.

Consequently, if communities and community governments are to play a stronger role in managing “the north”, a funding relationship would need to be created in which the following types of advantages and efficiencies are maximized:

- integrating program resources to meet problems head-on;
- enabling funds to be moved from low priorities to top priorities including across program or departmental lines;
- reducing the duplication and overlap of existing local staff (e.g. maintenance crews) and reallocating the resources thus saved to other community needs;
- channeling funds that now go to small organizations without adequate administrative abilities, through a far more accountable (elected, bonded, competent) administration;
- maximizing local employment opportunities and reducing **recruitment/turnover** costs;
- maximizing the potential to generate local initiative and greater voluntary effort;
- increasing the local “ownership” of problems and the chances of successfully solving them.

Community Initiative: Strong Signs

There are now strong signs that communities are interested in taking the initiative in areas like social and economic programs, and in tackling problems like drug and alcohol abuse, illiteracy, unemployment, and housing. Examples of these initiatives:

- Fort Liard Band Council is constructing 20 houses on their own initiative, over and above the Housing Corporation allocation for the community;
- Coppermine Hamlet Council has proposed that they manage the secure custody group home in their community on behalf of the Department of Social Services;
- Cambridge Bay has seconded the services of the former Superintendent of Economic Development and is implementing their own community specific economic plan; plans are in the works to take over social service programming and delivery; as well, ten new apartments are being constructed in addition to the Housing Corporation allocation;
- Arctic Red River has integrated seven programs under the umbrella of their Settlement Corporation;
- Tuktoyaktuk is working with Social Services to take on more responsibility for programs like social assistance and drug and alcohol abuse; this work is being fully supported by the Inuvialuit Regional Corporation;
- Spence Bay has built and operated their own crisis shelter for victims of family violence;
- Fort Good Hope has run a number of programs for years, including language and cultural programs, employment and training and drug and alcohol programs; the community boasts the most beautifully constructed log HAP houses in the Northwest Territories;
- Many communities are taking on the responsibility for the joint project management and construction of major facilities (arenas, firehalls, Hamlet offices).

Additionally, most communities are involved in the operation and delivery of the following programs:

- drug and alcohol
- **recreation**
- radio stations
- **daycare centres**
- **tourism centres**
- municipal services
- employment and training

These examples are signs that communities have a strong interest in providing community driven initiative in meeting the needs of community economic and social development.

CHAPTER 3: A PLAN OF TRANSFER FOR THE NEXT PHASE OF **COMMUNITY SELF-GOVERNMENT**

The challenge now is to efficiently facilitate the transfer of more program authority and resources to those community governments that are demonstrating the interest and are prepared to develop the necessary abilities. This is a key **pre-condition** for transfer.

Indicators that the community is indeed ready to proceed with additional responsibilities, include:

- previous assumption of other programs or services;
- the effective and stable financial performance of previously assumed functions;
- a demonstrated level of community motivation, self-reliance and consensus with regard to accepting major new responsibilities.

This basic level of readiness would be necessary before additional transfers could begin.

A. COMMUNITY TRANSFER AGREEMENTS: A NEW MECHANISM

For those communities in the north which are ready to assume greater program responsibility, it is proposed that the **GNWT** use a new mechanism, namely the “Community Transfer Agreement”. In order to ensure greatest efficiency, the key elements in the proposed agreements would include:

- block, or semi-block, funding;
- multi-year funding;
- considerable flexibility for communities to **reallocate** funds and/or reconfigure programs to suit local conditions, within the broad policy guidelines of the territorial Government.

Some of the other essential features of a Community Transfer Agreement are described below:

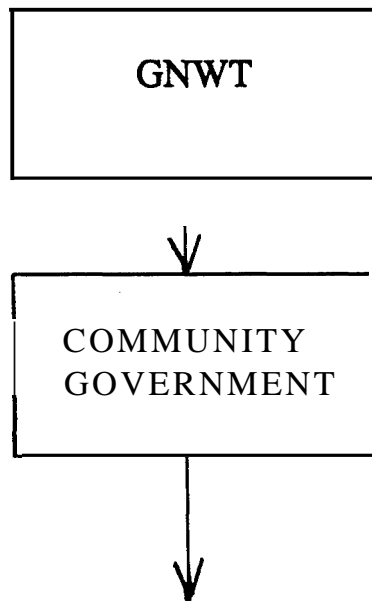
- What: Community Transfer Agreements would be multi-year agreements which turn over resources (\$, people, assets) to community governments to enable them to carry out specific program responsibilities.
- who: Community Transfer Agreements would be negotiated between interested communities, and the **GNWT**. Agreements would be negotiated with individual communities, or with groups of communities, when smaller communities do not have the administrative capacity to undertake the responsibilities on their own.

- When:** It is likely that this transfer would not occur in all communities at once, but over the term of the next Legislative Assembly, it would be realistic and feasible to put in place agreements with a significant number of communities.
- Duration:** Community Transfer Agreements could be five year agreements, although the initial agreements might be for three years.
- Content:** The Transfer Agreements would cover responsibility for specific programs, and specific community groups. These would be grouped into, say, three packages, with each community deciding how much responsibility it wished to take on. The packages need not be sequential; a community could go straight to the largest package.

Package 1 would involve the local government taking over responsibility for other community-based committees and agencies, rather than these groups being funded directly by the **GNWT**. This would involve relatively simple program areas, and involve “small” dollar amounts. (Figure 11 indicates the existing community groups which could comprise Package 1.) Package 3 would include the broadest range of transferable programs, and all dollars associated with them. Package 2 would fall between Packages 1 and 3.

The development of these packages will involve a good deal of work, but it is essential work if the process is to be undertaken in a well thought through and well managed way. Going into the process in an ad hoc, unstructured, or wide-open way would inevitably lead to difficulties in the future. Moreover, the three packages would be a concrete expression of serious intent on the part of the **GNWT**, and would give the process credibility with communities. To further give communities comfort with the process, the three packages do not need to be offered on a totally rigid, take-it-or-leave-it basis. Room should be provided for communities to depart slightly from the basic packages, if they wish.

FIGURE 11:
LOCAL GOVERNMENT, PHASE 2: A POSSIBLE STARTING POINT



COMMUNITY GROUPS

Housing Association
 Community Education Council
daycare society
 drug and alcohol society
 friendship **centre**
 SS appeal committee
 youth justice committee
 tourism association
 radio, communications society
 youth group
 crisis shelter
 library groups

METHODOLOGY/PRINCIPLES

1. Start with programs that are already community-based, and run by community groups.
2. As part of transfer agreement, **GNWT** transfers resources to community government.
3. Community government administers programs on behalf of **GNWT**.
4. Funding flows directly from **GNWT** to community government.
5. Departments continue to provide professional and technical assistance.
6. Ongoing training is essential in initial stages.

Driven By: As **this** would be a very high profile, high priority, government-wide initiative, it is recommended that the process of negotiating Community Transfer Agreements be driven by a high level Implementation Group reporting to the Cabinet Secretary and through that office to Cabinet. A senior member of the FMB Secretariat should be a member of this Implementation Group.

The Group should second very capable departmental staff who are intimately **familiar** with the programs being transferred, and Municipal and Community Affairs (**MACA**) staff. This Implementation Group might include representatives from:

- Northwest Territories Association of Municipalities
- Major Aboriginal groups

In addition, the Regional Directors should be key members of the Implementation Group. Their regional experience and community knowledge will allow them to play a significant part in the implementation of these transfers.

Funding: The dollar amount to be transferred to each community would be based on “what is now” being spent in the community for the programs to be transferred. This would include full O&M and Capital dollars. This level of detailed information is not currently available, and would require some time for the Implementation Group to collect.

The funding would be transferred as “block”, or semi-block funding, in order to fully capture the potential efficiencies which could result from transferring program responsibilities to community governments. These efficiencies include:

- ensuring that funds are moved away from low priorities toward what is **considered** locally to be the top priority problem;
- maximizing local employment opportunities and reducing **recruitment/turnover** costs;
- increasing the utilization of existing staff;
- allowing communities to reduce duplication and overlap at the community level;
- allowing communities to come up with an appropriate mix of resources for getting the job done.

Accountability: Community Transfer Agreements must build in accountabilities to ensure that monies are spent as intended, and with due diligence, probity and prudence. The Agreements should therefore include provisions for:

- Ongoing training;
- Regular visitations;
- Annual audits;
- The handling of surpluses/deficits;
- Minimum but mandatory performance expectations for programs transferred;
- Incentives for local **labour** (local initiative) component, or a requirement for local **labour** component;
- **Local** administration and collection of user fees.

In addition, a satisfactory management assessment prior to the negotiation of an Agreement would be undertaken, to ensure **that** training and management and administrative skills are in place to deliver the programs transferred.

B. THE NEEDS OF **COMMUNITY** PUBLIC ADMINISTRATION

The Transfer Program, as recommended here, will present many challenges, not the least of which will be the “culture shift” which can be anticipated. Many of the programs and program delivery structures of the GNWT are drawn from southern Canada and the experiences of a large industrial society, yet they are to be transferred to the vastly different world of small native communities.

The translation from “southern” to “northern”, and “large” to “small” will require many adjustments to the way programs are designed and delivered and the Project Group believes the preparatory work should begin immediately in a number of key areas.

The Cultural Context of Northern Community Public Administration

Political, social, and economic development are all related, and they are all “rooted” in culture. It is culture which determines how a society will organize and fashion itself to meet the needs of economic production, decision-making, and social caring.

In native culture the patterns of organization are quite different from European culture. Indeed, the patterns of organization are quite different between native cultures. The SCONE Report spoke of the culturally-rooted, “bottom up” work that will need to go into a **re-building** of community economic and social life. The transfer of more government programs and resources to communities is an integral part of that process. And like the process of **re-building** community economic and social life, community public administration must also be **culturally-rooted** if it is to succeed.

The discussion now surrounding the issue of community justice systems is a precise reflection of this point. The question of what a “just” or “unjust”, “fair” or “unfair”, or “normal” or “criminal” **behaviour** are all culturally-derived. In one culture, if one person helps himself to another person’s food, the second person is apt to be aggrieved. In other cultures, if one person helps himself to another person’s food, the second person may feel **honoured**. Similarly, where wrong-doing has occurred, some cultures may emphasize “punishment” while others may emphasize “healing”. Systems of justice need to reflect these differences. **Public** administration is no different. It must **reflect** cultural values related to fairness, equity, stability, and caring.

The Project Group believes the needs of community public administration in the north will be extraordinarily complex in the future and should not be **under-estimated**. *Community public* administration is where “southern” programs “impact” with northern culture, and if this impact is to be less “dislocating” in the future, the programs of government may need to be transformed. Much of what will have to be done will be unprecedented.

In particular, the Project Group believes there are four needs which will be of paramount importance:

- the need for a supportive environment which allows the **re-thinking** of public policy in culturally-rooted terms;
- the need to adjust the “machinery” of government at the local level;
- the need for training;
- the need to develop a “proxy” tax base.

A Supportive Environment Which Allows the **Re-Thinking** of Public Policy in culturally - Rooted Terms

The question of culturally-rooted public administration was of prime importance to the Project Group, especially as it bore on the question of efficiency. As **already noted**, the **Project** Group recommends that much more of the business of government be done at the community level. To this recommendation the Project Group will add: much more of the business of **government** will have to be done at the community level, in a manner that is compatible with and **re-enforces** culturally-rooted definitions of community justice, community well-being, and community stability.

The Project Group believes that this point has the potential to be the single biggest contributor to efficiency in the north, i.e. maximizing the end goal of greater community **social** and economic development, with the least expenditure of cost.

The Project Group heard on a number of occasions that existing GNWT programs could not be delivered as well or as efficiently by a community-based administration. The Project Group does not dispute this conclusion but thinks it may be beside the point. The point is not who **can** best deliver these programs, but whether these programs, in their present form, are the most appropriate.

Public programs are means, not ends, and they should be measured less in their outputs than their outcomes. Public programs should not be measured in terms of houses, schools, and hospitals built, courses taught, and **cheques** distributed. They should be **measured** in their impact on community stability, family stability, employment, health, alcoholism, violence, incarceration, and other measures of community well-being. As the SCONE Report noted, more and more dollars are being spent, yet people are increasingly seeing signs of the “moral and social disintegration of communities”.

The problem does not originate with the **GNWT** civil service. It is doing **the** best it **can** with the programs it has. It may be that the programs themselves go against the grain of northern community culture. The treatment is being administered - schools, housing, **cheques** - but the patient - the community, the culture - may be suffering.

The basic principles underlying many programs may need to be reconsidered in a new light, including schooling, social assistance and housing programs. Do schools the way they are now run, stabilize or de-stabilize life and work in the community? Is schooling primarily a ticket to life outside the community, or to life inside the community? Do welfare **cheques**, the way they are now distributed, stabilize or de-stabilize life and work in the community? Could social assistance funds be pooled at the community level and put to better use? The way that social housing is provided, does it stabilize or de-stabilize life and work in the community? Is the goal to have more houses, more northern built houses, or more native-northern built houses? Each of these goals, depending on which is chosen, will have quite a very different impact on life and work in the community. The goal of simply “more houses” may result in more houses, but less local employment. The goal of more native northern build houses may mean fewer houses (at least initially) but more employment, more skills, and more self-sufficiency.

The Project Group is convinced that the **GNWT** is doing the best it can with the tools it inherited. This is not a question of administrative ineptitude. But many of the tools themselves may have to be changed. All programs in the north will need to be measured against one fundamental criterion: do they contribute to or detract from, a more stable pattern of living and working in the community.

Re-thinking public policy is not something done overnight, and the Project Group is under no illusions about the degree of difficulty. Again, that is why a need is seen for strong leadership at two levels of northern government. At the territorial level there is a need to establish the broad framework of public policy in the north. At the community level, there is a strong need to adjust the means of public administration (i.e. the programs of government) so that they stabilize and reinforce the culture and the community.

This will be a long term process of experimentation, and trial and error. There will be tough questions - very tough questions - of the distribution of program benefits, i.e. the rights of the individual versus the rights of the group in receiving benefits. Could **social** assistance be put to better use by pooling it for community business? There will be tough questions - very tough questions - related to “professional” versus “community” skills. Does economic development in the community need to be performed by an individual with a MBA degree or just someone

who can help build the necessary confidence skills. Do you **need** a highly-qualified specialist to help teenagers who are flirting **with** alcohol, or do you need someone who can provide the right mix of firmness and caring. Do schools, day-cares, and social work offices need to be run by people with extensive credentials, **or** people who have successfully raised children of their own, have life skills, and have common **sense**.

This is not intended to denigrate the **role** of specialists and professionals. It is to suggest the need for communities to evolve their own “solution space” - i.e. the range of feasible solutions - in handling problems at the local level. Because of the smallness of northern communities, and family and cultural differences, that solution space might be quite different than that defined by governments operating in a different context. Relying too heavily on extensive credentials may disqualify capable local people, and keep the community dependent on outside specialists.

The issue of transforming public policy in a culturally compatible way will be one of the biggest challenges facing the **GNWT** in the future. Yet the **GNWT** is in an excellent position to provide leadership in this vital area. The Northwest Territories is a native-majority population and the **GNWT** is a native-majority government. The Legislative Assembly has already looked very hard at issues of education, housing, and economic development in a culturally sensitive way. This process will need to continue, and be carried on at two levels.

The Need to Adjust the “Machinery” of the Government

The public service at the community level should not be a miniature version of the public service at the federal or territorial level, nor should it be steered in that direction. Northern community public administration will not translate into a small-scale version of much larger southern public administration. Northern community public administration should reflect the needs of doing business at a much smaller scale of organization, and in a traditional culture.

Because community government in the north will be small-scale government, at least in the foreseeable future, administrative systems, procedures and methods will need to be developed which reflect that scale. A large-scale system translated into a small-scale system does not work unless the components are simplified and the number of “moving parts” are reduced.

For local government in the north, this will mean a number of things: less of an emphasis on highly specialized jobs and more of an emphasis on generalized, “multi-purpose” jobs; job requirements which give practical experience equal weighting to academic credentials; rolling multiple programs into one; simplified management systems, and so on. This should not be interpreted as a call for local public administration which is “not as good as” other public administrations, it is a call for local administration which is “different than” other public administration.

To reflect the cultural orientation of northern communities local governments may have to break new ground in experimenting with flex-time, part-time, job-sharing, leave for on-the-land purposes, hours of operation, and language of operation.

Community Councils might also, for example wish to **re-establish** Elders Councils, as a form of advisory body on **local** government and local services. Again, this should be permitted - even encouraged - by the **GNWT**. The **GNWT** should leave the form and composition of such bodies to the communities to decide, perhaps setting only minimum criteria respecting size and gender equality. The features and structures of community administration should be as compatible as possible with the traditional structures of responsibility at the local level.

Training And On-going Support

The business of government is a difficult business even under normal circumstances. Attempting to carry out public programs when these programs are being transformed, will make it even more difficult.

Administrative capacity at the local level will need to be trained and strong at all levels of administration, so that northern community government will be:

- endowed with an executive capable of directing and administering;
- endowed with an efficient internal administration where the services of the best employees are put to the best use;
- capable of meeting the needs and desires of the residents.

If the needs of community residents are to be met, **local** administrators will need skills in many areas. To name only a few, these would include:

- establishing priorities;
- budgeting, spending and financial reporting;
- determining the types of physical facilities required to meet local **needs**: e.g. day school, residence, group-home, nursery, kindergarten, high school;
- directing staff hiring and staff development with special concern for native languages and culture;
- administering the physical plant;
- developing adult education and local training;
- negotiating agreements with the territorial government for the kind of services necessary for local requirements.

To meet these needs, the Project Group believes that the training needs of northern local government in the future will have to be given uppermost priority.

A Proxy Tax Base and the Issue of Accountability

Most communities in the north do not have a tax base, and the Project Group heard many times that **this** was a major obstacle to the further development of local government **in the** north. Without a tax base there are no taxpayers and there are no accountability links between those providing **services** and those receiving services. Those receiving **services** become excessive in their demands because they do not pay for them, and those providing **services** are not held to account for how prudently and efficiently they spend the money.

The Project Group agrees that this is a problem, and whether there is a partial solution to this problem may depend on how deeply the idea of “taxes” is probed. It may have to be **re-defined** if it is to apply to the realities of a small community.

In southern Canada people pay taxes as a way of sharing the expenses of government. The taxes (on income or property) are paid to government and government in turn provides schools, hospitals and other public services. Taxes are simply a way of sharing in the expenses of the community, Taxes are paid in “money” in southern Canada simply because money is the means of exchange in an industrial economy and it is how people measure income, wealth, and assets.

Northern cultures, on the other hand, have always shared in the upkeep of the community, but not in the form of money. They did it in other ways. The common practice of sharing food, for example, is another way of meeting community obligations. Nobody had to “tax” one person’s food in order to “re-distribute” its to another; it was simply done and done without the coercion of government. (This is a form of fully voluntary taxation that many southern governments would find hard to believe.)

People in northern cultures have always expected group members to meet their community obligations. There is no reason to believe this will not continue. People in communities have a right to expect that everyone in the community will pull his weight, but the methods by which this is done may be uniquely northern, whether in contributing food, time, labour, or some other proxy for money, when a non-money form of contribution makes more sense, The Project Group has not attempted to define what is an appropriate substitute for money taxes. The point is that there may be substitutions.

Accountability between elected officials and citizens, between those providing services and those receiving services, is an essential element in local government. The Project Group believes if local governments are to be expanded in *scope* and authority, the issue of accountability in **non-tax-base** communities will have to be met head-on. The Project Group does not believe accountability can be dismissed, but nor does it believe it should be an insurmountable obstacle. It should be met squarely, but it may have to be met creatively.

The GNWT has shown flexibility with respect to method of election at the local level, in allowing Band practice to be blended with more conventional forms of local election. This has been done under the Charter Communities Act. The Project Group believes similar creativity will have to be applied to this area if northerners are to arrive at an acceptable solution.

Conclusion

This report earlier spoke of an “Implementation Group” in the Cabinet Secretariat which would do the preparatory work required in order to ready programs of the **GNWT** to be transferred. There should also be a parallel process. At the community level, there is a need for a Transfer Task Force which would address the needs of community public administration as raised here. Specifically, the **focus** of this group would include (but not be restricted to):

- adjustments to programs which might be required in order to align them in culturally - compatible way with the needs of northern communities;
- the administrative “machinery” of local public administration;
- training needs at the local level;
- alternatives for a “proxy” local tax base.

This Task Force should primarily be composed of local government elected officials and representatives. In addition, there should be links to the **GNWT**, specifically cross-links to the **GNWT** Implementation Group. The Regional Directors can serve as an excellent cross-link in this regard, and should provide leadership and support at the community level.

C. A NEW ROLE FOR DEPARTMENTAL HEADQUARTERS

For the transfer program to be implemented in an orderly and well-managed way, **GNWT** headquarter units will have a substantial role to play. This will be a major initiative. It is essential that a strong transfer and post-transfer structure be in place to support and encourage the further development of strong self-governing communities.

Implementation Group

As mentioned, it is recommended that a specially-mandated “Implementation Group” be established reporting to the Cabinet Secretary and with the power to negotiate and, with Cabinet approval, to implement Community Transfer Agreements.

The role of this Implementation Group would include:

- developing the possible contents of the three “packages” of programs to be transferred;
- integrating and simplifying the programs to be transferred; programs must be made “community-friendly”;
- stripping the red-tape currently associated with program delivery systems (transferred programs will not work if they are accompanied by 100-page” Policy and Procedure manuals);
- determining the current costs of the programs to be transferred, and developing a formula for future funding of community delivery of transferred programs;

- e evaluating the administrative and financial management capabilities of the applicant communities;
- making the arrangements for actually transferring assets and personnel;
- negotiating with the interested applicant communities.

Line Departments

As community governments in the future take over more responsibility for front-line program delivery, GNWT departments will have a quite different (but no less important) role to play. GNWT departments will move away from direct delivery of specific services, to creating the community capacity to deliver those services.

The role of these departments will include:

- working with the Implementation Group to develop the program packages;
- establishing the standards of performance required for the transferred programs;
- monitoring community compliance with these standards;
- providing ongoing training and **specialist/technical** support;
- arranging for assets and personnel to be transferred.

The transfer program will bring a number of important changes in the way GNWT departments do business. 'There will be less emphasis on direct delivery-and a reduced role in determining local priorities; communities may choose to move funds away from activities department's perceive as important. Funds will flow directly to communities which will have implications for the way departments draw up and receive their budgets. The changes proposed in this report will produce a new balance in the relationship between communities and GNWT departments. If the language of business were being used in this Report, this would be an argument for "owner-operated" communities, or community "franchises". This conveys in a business sense what is needed: highly self-managed local units, but operating with strong back-up and technical support, and within the broad framework of corporate policy as established by the territorial Legislative Assembly and Cabinet.

Cabinet

The role of the Cabinet is crucial to the success of the program transfer process. The build-up of community capacity, as contemplated in this report, will in many respects be unprecedented and uncharted. The cultural transformation of programs at the community level will be a new process.

It can be expected that the communities will request considerable modification to the transferred programs to better serve their specific needs. This is to be encouraged if it brings community problems closer to a solution; indeed this kind of cultural and innovative thinking is the whole point behind transfer. But it can be expected that this could run counter to legislation or cost sharing rules, especially at the federal level.

Accordingly, the **GNWT** Cabinet role will include:

- maintaining a watch on the progress of community transfers;
- ensuring that territorial policy, legislation and regulations permit the adaptation of programs to meet community requirements without compromising essential **territory-wide** standards.

At the federal level, the Northwest Territories Cabinet will need to be a very strong advocate and defender of community program innovation. Cabinet will need to argue and put strongly to federal agencies, the community case for revising existing policies, legislation and regulations, and removing the restrictions (e.g. cost-sharing rules) which inhibit the modification of programs to suit **local** and cultural conditions. The case for doing things differently in the north, in view of the unique circumstances of the north, may have to be forcefully and repeatedly made.

Discussion

The Project Group heard a number of arguments advanced against the transfer of additional responsibilities to the local level of government. Among these are:

- that communities do not want more responsibilities;
- that communities will not be able to administer the additional programs;
- that some communities are too small to be able to handle the **increased** responsibilities;
- that delivery by the community is much less efficient than delivery by the **GNWT**.

One of the principles underlying the transfer plan is that additional responsibilities will only be handed over where the communities have requested them. Otherwise responsibility for program delivery will remain with the **GNWT**. It is not intended to transfer program delivery into communities which are not interested. There must be climate of desire for more control over issues which affect the lives of the community residents, before transfer can take place.

A second principle is that sufficient resources will be transferred to enable the community to adequately deliver the programs, and that transfer will take place only if the community has the necessary administrative and management capabilities. Where these are considered insufficient, a training program and after-transfer technical advisory service will be provided to ensure that the municipality is not left by itself. It is also fundamental that the communities will not be required to fund program additions or extensions imposed by the senior levels of government, without additional funding also being transferred.

When the size of the community is such that the administrative demands of the requested programs can not be handled by that particular community, arrangements will be made for some aggregation of responsibilities between one or more communities. This will not be imposed by the territorial agency but will be worked out in negotiation with the affected communities.

Transfer will not likely reduce the cost of delivering GNWT programs in the short term, but will ultimately result in a higher level of effectiveness. In the longer term, local management will produce efficiencies through a less rapidly rising cost structure. Where the local community is given ownership of the program, there will be a greater incentive to make it work, than if it is the responsibility of "the government". Many of the GNWT programs have been initiated to solve problems as perceived by departmental headquarters. The problems may not be as critical to the-local residents and their elected officials, and application of local effort may result in a solution being obtained earlier than if it is being run from the territorial Government.

Conclusion

Transferring program responsibilities to local government is a major step but not an unprecedented step. The Department of Municipal Affairs in the recent past, developed a transfer process and training program which was in effect while the services to property and other municipal services were being taken over by the local governments. In large part, this process simply needs to take place again if communities are to be supported in their quest for more responsibilities. Additionally, if the further development of local government is to take place in an efficient and well managed way, a number of elements are needed.

An implementation plan needs to be in place which will simplify the procedures that the GNWT and a community will undertake when a community government desires to take over authority for certain programs. The elements of such a plan have been outlined above. As it stands, there are too many uncoordinated review committees who are ineffectively determining what is eligible, levels of authority to be transferred, and the cost considerations. These groups need to be brought together under a strong Implementation Group, housed in the Cabinet Secretariat and reporting to the Cabinet Secretary, as outlined above.

At the community level a parallel process should be initiated, under a "Transfer Task Force".

There also needs to be a reaffirmation that transfer is a high priority. The Cabinet Secretariat should be charged with the responsibility to ensure coordination of community proposals and subsequent transfer agreements. The whole idea of transfer needs to be promoted to community governments with assistance provided where communities have an interest in assuming more local authority. The streamlining of procedures along with a more coordinated approach in the territorial Government will go a long way in paving the way for an increased interest in transfer.

To underscore the determination to proceed with community transfer, the Legislative Assembly could consider legislation which would set out in broad terms the goals of community transfer and the process to be followed. The legislation should primarily be a strong signal of intent and commitment. The legislation should not attempt to be a detailed plan of implementation. This will be a learn-as-you-go process, and a detailed prescription might inadvertently handcuff the process, not help it. But broad legislation, properly framed, could be a strong sign to communities of the important role they are being invited to play in the north of the future.

The process of transfer will certainly require communities to learn to cope with the frustrations and difficult choices made necessary by recognition and acceptance of the requirements of **fiscal** responsibility. Informed community understanding of the role of government and more realistic expectations about what government can accomplish must also emerge.

Greater community self-government, if developed properly, will lead to greater effectiveness and cost containment in managing the north. It will eventually permit the elimination of costly, cumbersome and mostly advisory non-elected boards, and will provide communities with a vehicle to assume more authority, self-management, and local decision making over those programs that really matter to them. It is an essential step to building greater community economic self-sufficiency, and restoring **greater** self-responsibility for the well-being of the Northwest Territories northern communities.

CHAPTER 4: STRUCTURE OF THE **GNWT**

A. THE ORGANIZATION OF **GNWT** OPERATING DEPARTMENTS

As discussed in the preceding section, the Northwest Territories' "northern agenda" will require the strength of two levels of government. There are too many difficult dimensions for one government to handle alone. Community governments will need to be brought in more fully to help meet the pressing challenges of the next decade.

At the same time, community governments will need to be linked within the framework of a strong territorial Government. While the territorial Government is building up greater community capacity, it must at the same time augment its ability to pursue the many priorities which are of a territory-wide nature. Across the north, technical and professional skills are still needed in relation to health, and family and social well-being. The integrity of the fragile northern environment is becoming an ever increasing concern. An adequate transportation and communication infrastructure is not yet properly developed. Linguistic and cultural preservation are major issues in view of the north's unique multi-ethnic composition and heritage. What is even more challenging is that this list of urgent matters is large, and not likely to get any smaller in the next decade, even though the resources available will.

Structure is an important tool for strengthening the **GNWT**. The proper use of that tool will greatly assist the **GNWT** in accomplishing more within a period of capped resources. An improper structure will hamper the **GNWT** in a number of ways: it can add to the cost of government, impede the ability to support communities in a coordinated way, and weaken the capacity to pursue northern priorities.

The Project Group has concluded that one of the major areas of structural weakness lies in the departmental structure of the **GNWT**. There are now too many departments, which is a major barrier to integrating and transferring programs to communities. Departments are pursuing too many different and sometimes conflicting directions. Too much attention is being paid to protecting and expanding individual budgets. As a consequence, in order to manage costs, and respond better to the needs of northern communities, the Project Group has concluded that the **GNWT** should consolidate its operations into fewer, larger departments. The aim of this consolidation should be to produce a less costly and less complicated, made-in-the north structure that is more capable of responding efficiently to the needs of the north.

The present **GNWT** departmental structure reflects a process of growth and evolution over a number of years. In the years immediately following the Carrothers Commission (which is usually regarded as the starting point for responsible self-government in the north), a summary of the more significant steps and stages in this evolution would include:

- 1966 Carrothers Commission
- 1967 **Yellowknife** selected as seat of government and administrative apparatus of **GNWT** relocated from Ottawa to **Yellowknife**
- 1967-70 Departments created include: Information, Finance, Territorial Secretary, **Local** Government, Public Works, Legal Affairs, Personnel, Industry and Development, Education, and Social Development
- 1970-79 Departments created include: Renewable Resources, and **Health** and Social Services

In the past decade, northern government continued to be a government in-the-making, reflecting the on-going **devolution** of responsibilities from the **federal** Government, **combined with the** development of new programs, services, and initiatives at the territorial level. In more recent years, significant steps include:

- 1979 Drury Commission Report
- 1979 Report of the Commissioner's Task Force on Administration
- 1984 Transfer of **Intra-territorial** road **re-construction** programs from federal government
- 1984 Transfer of **Baffin** Regional Hospital from **HWC**
- 1985 Department of Information renamed Department of Culture and Communications
- 1986 Department of Local Government renamed Department of Municipal and Community Affairs
- 1986 **Baffin** Health Services transfer from **HWC**
- 1987 Forest Management and Fire Suppression responsibilities devolved to **GNWT**
- 1988 Final Health Care responsibilities transferred to **GNWT**
- 1988 Northern Canada Power Commission purchased by **GNWT**
- 1989 Northern Scientific Research Centres from **DIAND**
- 1989 Three new departments created: Safety and Public Services; Transportation; Energy, Mines and Petroleum Resources

1990	Inter-territorial Road Re-construction from DIAND
1990	Airports Transfer from DOT

Throughout this 25-year period, new units and branches of government were created, located, and **re-located**, and names of departments changed frequently. (The document that traces these changes runs to 104 pages). It is noteworthy however, that throughout all these changes it is still possible to see the influence of federal and southern models of government on the shape, size, and departmental configuration of the **GNWT**. This is understandable. For many years the territorial government was Ottawa-based and Ottawa-run, **and even today Ottawa and southern-trained civil servants continue to exert considerable influence on the shape of government in the north. As a consequence, today the GNWT is structured and run along lines which are very similar to those of southern (and much larger) models of government.**

Now, however, there is a need to develop and agree on a new plan of organization to carry the **GNWT** through the 1990s. This new plan must be driven by the need to create greater efficiency, i.e. a structure which is **less costly, better able to contain costs, and better able** to allow the Cabinet and Legislative Assembly to focus on northern communities and northern priorities.

B. A NEW PLAN OF ORGANIZATION

The GNWT'S present structure includes both "central agencies" and "operating departments". These are the basic building blocks of **government** organization. **The following analysis focuses on the operating departments of the GNWT.**

The thirteen operating departments included in this analysis can be classified according to the broad nature of their mandates, as follows:

Social and Cultural Development

- Culture and Communication
- Education
- Health
- Housing Corporation
- Municipal and Community Affairs
- Safety and Public Services
- Social Services

Economic Development

Economic Development and Tourism
Energy, Mines and Petroleum Resources
Renewable Resources
Transportation

Service Departments

Government Services
Public Works

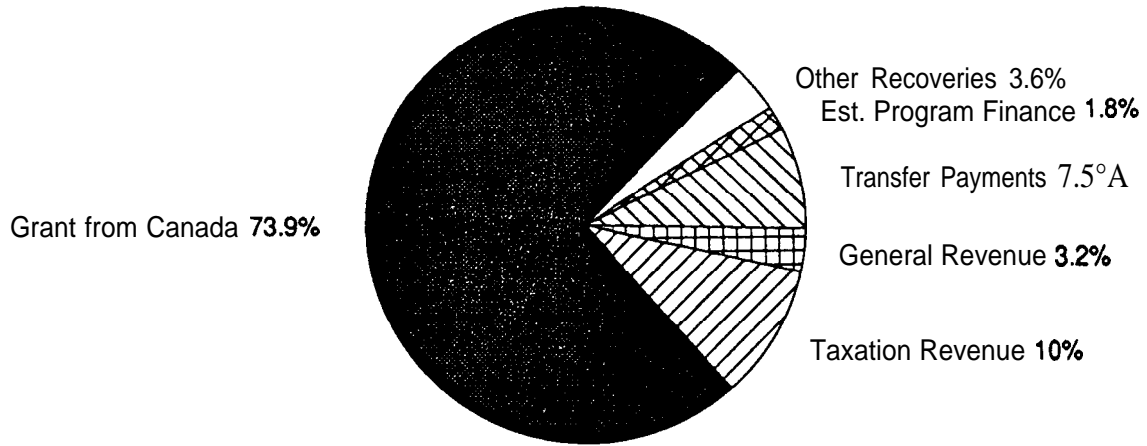
In addition, while the Department of Justice is often considered a central agency, it also carries operating responsibilities and so is included in the analysis below.

Of the above departments, the largest, in terms of O&M expenditures are: Health (\$168 million); Education (\$165 million); Public Works (\$116 million); and Social Services (\$89 million). In capital expenditures, the largest are: Municipal and Community Affairs (\$38 million); Education (\$31 million); Transportation (\$31 million); and the Housing Corporation (\$28 million). (All figures are from the 1991-92 GNWT Main Estimates). (See also Figure 12).

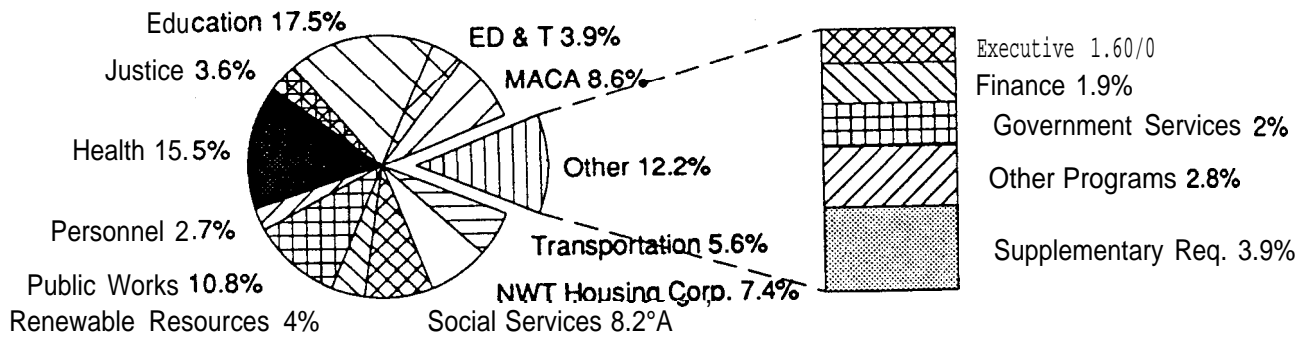
It should also be noted however, that many GNWT departments are quite small. Of the above - noted departments eight have 1991-92 O&M budgets of less than \$45 million and all but three have fewer than 300 full-time employees. Two very small departments (Safety and Public Services and Energy, Mines, and Petroleum Resources) were created in 1989.

FIGURE 12

GOVERNMENT REVENUES 1991-92



GOVERNMENT EXPENDITURES 1991-92



The Relationship of Structure to Cost

In looking at a new plan of organization, it is important to underscore the importance of structure in Government, especially with respect to the cost of creating departments. Separate departments are often created with a view to giving profile to a new area of public policy. This is understandable. It is a signal to the public or to an interest group that a government has given priority to a particular concern. It gives emphasis and organizational attention to a matter or problem that Government wishes to address.

The **GNWT** is, however, a small government relative to southern jurisdictions. One of the advantages which attends that small size is the ability to undertake activities within the framework of fewer departments. The **GNWT** has approximately 6,200 civil servants. Organizing personnel into fewer departments would not create excessively large departments. The present **GNWT** structure which mirrors the structure of southern governments, has led to the existence of a large number of relatively small departments. The price of this structure is inefficiency. This inefficiency is in three respects:

- the added cost of resources required to administer these departments;
- a reduced ability to coordinate, focus, and unify the efforts of the **GNWT**;
- management talent being spread too thinly.

There is an inherent dynamic to government organization as there is with any organization. The more departments there are, the less freedom to move a government has. Departments tend to develop into watertight compartments. They develop their own client groups and their own way of looking at issues. As part of a struggle to develop separate identity, they distance themselves from other departments.

All organizations wish to be seen as useful and departments are no different. Hence each department has a built-in pressure to generate new initiatives, new programs, new regulations, and new demands on the central treasury. Each new department places new demands on other departments (inter-departmental meetings, memos, etc.) which must then be met by assigning added resources to those departments. None of this is unique to government. It is part of the same natural tendency observable in any organization. All organizations have their own internally-generated forces of outward expansion. However, there is an antidote: governments must consciously and continuously arrest these forces if they wish to stay within **manageable** limits and the limits imposed by their resource constraints.

Two New Levels of Departmental Consolidation

Approaching a period of severe restraint, the Northwest Territories can no longer afford a structure of government which is too-fragmented and ill-suited to its needs. It must simplify and consolidate.

Accordingly, the Project Group has sought to develop a plan of consolidation that would allow the consolidation of the **GNWT's** thirteen operating departments into a significantly smaller number. There are now a number of departments with complementary and compatible mandates which could be brought together with a view to saving money, **increasing** program **coordination** and reducing overlapping activity, and facilitating program transfer to communities.

With this in mind, presented below are two new plans of departmental consolidation, the first of which would combine a number of departments in order to bring the total number of operating departments down from thirteen to ten. The second plan would affect and combine an even broader number of departments in order to create a total of only seven operating departments.

It should be noted, however, that it is possible to combine and unite departments in more than one way, depending on the priorities a government wishes to give greatest attention to. The Project Group has attempted to factor in **GNWT** priorities in the plans below, but these would need to be confirmed by a new Cabinet. In addition, the Project Group did not in the time available address every program element or organizational unit within the **GNWT**. Accordingly there are many program areas which are not identified and addressed below (for example, the question of the proper placement of corrections or oil and gas regulation). A great **deal** of detailed work would, therefore, still need to be undertaken to draw up proper organization charts for new departments which might be created. The Project Group has not attempted to do this and the remarks below concerning suggested structure should be interpreted only as a guide to future work.

Nonetheless, the Project Group believes that two new plans of consolidation, which are presented in broad outline in this section, would provide the **GNWT** with fully workable models of government, subject to the qualifications above.

Factors

A number of factors were considered in the plans for possible restructuring:

- impact on transfer of programs to communities;
- unique “northern” approach to doing business and tackling problems;
- dollars and person years (**PYs**) saved;
- impact on service to client group;
- manageability and span of control;
- impact on cost sharing with federal Government;

Priorities

As well, the priorities of Cabinet were reviewed, including:

- community self-government;

- transportation strategy;
- economic strategy;
- employment development, health involvement, welfare reform;
- Northern Accord;
- sustainable development;
- the environment;
- constitutional and political development;
- languages and cultural values;
- social issues, health and housing.

Savings

By combining departments, the **GNWT** can achieve savings in the number of positions it takes to operate its departments. **This** conclusion **is** based on the increased number of **positions** which were added in creating new departments. Reversing **this** process by combining departments should net savings of a nearly **similar** magnitude, particularly **in** some common areas such as:

- reduction **in** Directorate positions and support staff;
- consolidation of policy/planning and finance and administration functions;
- reduction **in** numbers of **middle** management (Director, Manager) positions;
- overall reduction **in** numbers of support staff;
- reductions **in** staff levels in Regional and Area offices (management, administration, support);
- savings due to economies of scale (subsequent reduction **in** O&M costs, travel, use of consultants, etc.).

The savings generated **will** be greater at headquarters due to the commonality of bigger **divisions like** Finance and Administration and Program and **Policy divisions. As well, the number of** program positions and support positions are much more **heavily** weighted **in** headquarters.

The **position** savings achieved through such consolidation need not significantly displace existing employees. Though reassignment, attrition, early retirement, retraining and other workforce adjustment mechanisms, the organizational changes being suggested can be accomplished in a manner that respects the past contribution of affected employees and gives them full opportunity to play an important part in the future operation of the **GNWT**. The **impact on staff can** be largely mitigated if the changes are well planned and phased in.

The First Level Of Consolidation

The first level of consolidation would affect, in whole or in **part**, primarily the departments of: Health and Social Services; Personnel; Education and Culture and Communications; Public Works and Government Services; Municipal and Community Affairs; and the Northwest Territories Housing Corporation. It would combine and create the following new departments:

<u>Amalgamation</u>	<u>Departmental Focus</u>
1. Health and Social Services (could combine existing programs excluding daycare , youth, and social assistance for employable)	To promote the health and well-being of northern community residents.
2. Education, Employment , and Culture (could combine employment and training, schools, cultural affairs, social assistance for employable, daycare, and equal employment)	To combine professional and technical efforts in compatible areas.
3. Public Works and Government Services (could combine public works, government services, and housing design/construction)	To focus importance of training and culture as related to employment in northern communities.
4. Community Affairs and Housing (could combine housing programs, youth, sport and recreation, municipalities)	To efficiently build and operate public structures.
	To provide GNWT internal administrative Services.
	To link the importance of adequate housing with community initiatives, and build on the previous transfer experience.

The other departments, not mentioned above, would remain largely untouched under this option.

The Project Group believes there are a number of important advantages in these consolidations. They are an essential move in the direction of simplifying and streamlining the business of government. They will allow the **GNWT** to better coordinate and focus its resources in meeting the needs of northern communities. The specific advantages of the new departments are provided below. (It should be noted that the question of combining Health and Social Services, and Education and Employment Programs, is discussed in Part IV of this report and the question of combining Public Works and Government Services is discussed in Part III).

Department of Health and Social Services

Rationale

Social and health problems are closely linked in northern communities, including areas such as improper diet, lifestyle, family abuse, drugs and alcohol, mental health, and services to the aged and handicapped. Meeting these problems head-on requires a full-scale and fully coordinated effort combining programs and care-givers: nurses, social workers, dietitians, counselors, and others. The departments of Health and Social Services were previously united. Splitting them has given rise to less coordination and more overlapping programs. What is needed in this area is not more and more programs (which creates a patches on patches effect) but fewer, stronger programs, at both the territorial and community levels. Combining these two departments would be a step in that direction. In short:

- social and health issues are interrelated at the community level (i.e. **disease** prevention can be linked to social conditions, habits);
- greater opportunity for **healthcare** and social work professionals to work together in addressing common problems;
- with new departmental structure, should review the necessity of maintaining “Health Board” structures;
- will simplify the transfer of those social programs that interest communities by amalgamating many of the programs under one department;
- amalgamates the Departments of Health and Social Services under one **portfolio**; the creation of the Department of **Health** was initially driven by the **devolution** of programs from the federal Government;
- reduces duplication of programs in areas such as: alcohol and drug services, senior citizen programs, family services, etc.

Structural Changes Suggested:

- divisions could include the following: Community and Family Services, Community Support Services (Alcohol and Drug, Mental Health), Child Welfare, Nutrition and Family Health, Disease Awareness and Prevention;
- transfer social assistance for employable to Education and Employment;
- transfer child daycare programs (not child welfare) to Education and Employment;
- transfer training programs (SARS, STEP, VRDP) to Education and Employment;
- transfer vital statistics from Safety and Public Services (SAPS) to Health and Social Services.

Department of Education, Employment and Culture

Rationale

The major priority of the Northwest Territories is providing greater opportunities for sustainable employment at the community level. A major step in this regard would be to unite and combine the resources available through schools, training courses, and social assistance (for employable adults) with a focus on equipping northern residents to meet community economic priorities and needs.

The **daycare** program could also be a key element of this strategy.

Pulling these program areas together could also make easier the elimination of program duplication; there is some reason to believe that the availability of wage-based training courses is in fact drawing more people away from schools and undermining the schooling program.

In addition, a key element to community economic development, as the SCONE Report indicated, is to ensure that cultural affairs and aboriginal languages are maintained as underlying themes in the strategy. By tying the importance of education to Northern culture, there may be advantages in improving attendance at schools and adult education **centres**, and literacy **rates** in the Northwest Territories. These cultural values would be reflected in the curriculum of studies, **schoolyear**, etc. In short, this proposed new department:

- places these **GNWT** priorities under one department with a renewed emphasis on the important linkage between education and employment;
- **includes** a **cultural** component within this **department** to recognise the importance of literacy, language and education as integral components of Northern culture; this structure also provides the opportunity to develop “unique” Northern curricula in the schools;
- provides a better focal point for **CEIC** employment and training programs and other federal programs;
- provides a focus for employment opportunities generated by the **GNWT** (affirmative action initiatives, apprenticeship, **GNWT** Capital Plan, other departmental initiatives: Transportation, Economic Development and Tourism);
- considers career **centres** in targeted communities to include **CEIC**, Employment and Training, career counseling under one roof;
- transfers social assistance program funds that target employment disadvantages (lack of training, single parents).

Structural Changes Suggested:

- establish three divisions: Schools, Employment and Training and Cultural **Affairs**;
- transfer Cultural Affairs from C&C;

- transfer community libraries and the Northern Heritage Centre from **C&C**;
- consolidate all training/employment programs within the **GNWT** under the Employment and Training Division: STEP, SARS, VRDP, TOJ (and **CEIC** programs);
- change the name “Advanced Education” to Employment and Training;
- transfer social assistance from **SS** (part);
- transfer child **daycare** from **SS**;
- consider career centres in communities to include **CEIC**, Education, Employment & Training and career counseling under one roof (in the school or storefront operation);
- transfer the Equal Employment Division from Personnel.

Department of Community Affairs and Housing

Rationale

The impact of housing in northern communities is considerable as it is a major source of employment and a training ground for a wide array of job and business skills (from construction to administration). Moving greater responsibility to the community for all aspects of housing is one of the key elements of the transfer process, and twinning the Housing Corporation with MACA could facilitate this. At the **local level**, folding the Housing Associations under the elected Community Council will reduce the fragmentation of resources and abilities which is now an obstacle to strong local leadership.

A separate Housing Corporation has been viewed in the past as necessary to attract CMHC funding, but the **GNWT** Cabinet should make it an early priority to counter such a position if it still exists. A separate Housing Corporation is adding to the cost of government in the north (in a time of shrinking resources) and is not conducive to the transfer process. In short:

- consolidates those programs with particular “community” interest (housing, youth, recreation) within one department;
- change the word “municipal” with a new emphasis on the word “*community*” as it describes a northern townsite more appropriately;
- renewed emphasis on housing as a **GNWT** priority and community initiative in a major program department;
- there would be an opportunity for the future consolidation of Housing Associations under community government structures;
- this department would continue to work with community councils and could play a leading role in assisting with community transfer;
- provision for better coordination of operations at the regional and community level (i.e. local employment in housing projects, coordination of **activities** for the youth).

Structural Changes Suggested:

- consolidate the Housing Corporation within this structure and eliminate the Board of Directors;
- transfer the community and program development division to this new department (primarily deals with Housing Associations);
- consolidate the construction and design division of the Housing Corporation within Public Works;
- transfer the office of the fire **marshall** from SAPS;
- transfer youth initiatives from SS and place under Sport and Recreation;
- transfer the rental office from SAPS;

Advantages of This Level of Consolidation

The plan of departmental organization has the following features and advantages:

- this plan represents a reduction in the existing number of departments;
- there is some major program consolidation in priority areas as identified by Cabinet, i.e. education and employment, community self-government, welfare reform;
- this plan would produce O&M and PY savings in the combined departments;
- these departments depict a **GNWT** structure that is manageable from both an administrative and political (portfolio) perspective;
- the new integration of some programs allows Cabinet to tackle issues/problems head-on in a much more coordinated way, response time will be faster and the public will perceive Cabinet as proactive in its handling of problems;
- this plan is much more efficient than at present, duplication of programs are consolidated into umbrella structures (**health** and social services, housing and community affairs, education and employment);
- this plan also allows for the more comprehensive transfer of programs to community governments;
- this plan also provides efficiencies through the possible elimination of boards and agencies;
- the consolidation of Health and Social Services should improve the coordination of delivery of health and social programs directed at the same general area within communities;
- education, training and employment programs are consolidated in a cultural context in conjunction with daycare and income support programs;
- dispersing the present Government Services functions into the other major service department could also occur in this phase. Public Works would receive the supply services activities, and systems and computer services (see Part III of this Report);
- the dissolution of the Housing Corporation and the amalgamation of its parts into Public Works, and Municipal and Community Affairs will permit the Board of the Corporation to be eliminated, and the achievement of some O&M savings by consolidating building design and construction functions in one department. Property management functions

would also be consolidated in Public Works. The programming aspects of the Corporation's activities, as well as the administration of the community Housing Associations would be placed in Community Affairs and Housing.

The Second Level of Consolidation

The second level of consolidation would go **farther** than the first, and would affect the remaining departments, including Economic Development and Tourism and Energy, Mines and Petroleum Resources (**EM&PR**), Renewable Resources, and Justice and SAPS.

The proposed combinations are as follows:

<u>Amalgamation</u>	<u>Departmental Focus</u>
1. Public Works, Government Services, and Transport (building on the previous consolidation of Public Works and Government Services, this adds: transportation functions)	To design, build and maintain public and transportation infrastructure in the Northwest Territories; To achieve best value and least lifetime costs.
2. Environment and Renewable Resources (could combine environment, renewable resources, pollution control, tourism and parks, Science Institute)	To provide a focus for the Northern environment in a resource based framework and consolidate environmental programs.
3. Energy, Mines and Economic Development (could combine business development, energy, mines and petroleum resources)	To promote the Northern economy by recognizing the economic potential of resource development projects.
4. Justice and Regulatory Affairs (could combine court and legal services, consumer affairs, safety and public services, public utilities board)	To manage the legal, regulatory system and provide public services.

The specific advantages of these new departments are provided below:

Department of Public Works, Government Services, and Transport

Rationale

(See Part III for further discussion)

- consolidate the new Transportation Department within Public Works while **priorizing** the requirement for infrastructure growth and the pressing need for significant federal dollars for roads, airports, marine facilities development;
- opportunities for consolidation of some duplication of service in design, construction and project management, as well as procurement;
- logic of grouping construction, operation and maintenance of infrastructure and assets;
- consolidation of these departments may reduce the number of technical consultants.

Structural Changes Suggested:

- transfer construction/development/design from the Housing Corporation;
- transfer property management and program operations from the Housing Corporation;

Department of the Environment and Renewable Resources

Rationale

The Commissioner's Task Force on Administration (1979) clearly suggested the amalgamation of environment, resources and parks under one department. This **allows the consolidation** of environmental programs and initiatives under one department (presently there are five Departments dealing with environmental issues). As an additional feature of this department, it would be possible to connect tourism with the uniqueness of the northern environment by assigning responsibilities for tourism promotion to this department. It is **recognized** that tourism is an economic sector and these are grounds for keeping it within an Economic Development department. However, linking tourism to the north's unique geography and wildlife is important, and any steps to reinforce this linkage should be considered.

In short, this new department could provide:

- renewed emphasis on the environment and the relationship between resource management and conservation;
- new Arctic Environmental Strategy (part of Canada's "Greenplan") provides a forum for funding and discussion with federal Government;
- community-based Renewable Resource Officers are well positioned to deal with environmental issues (pollution control, hazardous wastes) and to promote

environmental and resource features along with tourism officers; also Renewable Resources Officers are responsible for resource management and conservation;

- any future **devolution** of the federal fisheries program be **incorporated** within this department rather than creating a new department; this was the reasoning when forestry was transferred.

Structural Changes Suggested:

- this structure would house all programs related to environmental issues under one roof, effectively consolidating GNWT initiatives related to pollution control, recycling and waste management;
- transfer tourism and parks from ED&T to promote the unique attractions and **features** of the Northwest Territories in an environmental framework;
- transfer recycling initiatives from Government Services;
- transfer the Science Institute from the Executive.

Department of Energy, Mines and Economic Development

Rationale

Consolidating Economic Development and Energy, Mines and Petroleum Resources would bring the oil and gas sector more fully into a coordinated economic development strategy for the north. **EM&PR's** isolation as a small, stand-alone department is not necessary. It was created primarily to negotiate the Northern Accord, but this could still be done within the framework of a broader department. In short, this department:

- consolidates the Energy Mines and Petroleum Resources Department within a structure that promotes the economic/employment aspects of non-renewable resource development; there is significant potential for Northern jobs and business spinoffs as a result of potential resource projects in the oil and gas and mining sector;
- negotiations of joint **GNWT/federal** agreements (Mineral Development Agreement, Northern Accord, Economic Development Agreement) handled under the same portfolio;
- provide a structure that is still compatible with the transfer of the management of non-renewable resources from the federal Government (i.e. Northern Accord);
- provides a structural focus for northern economic aspirations and coordinate **micro-economic** (arts & crafts, small business) and macro-economic (**mega-projects**, big business) initiatives within the same structure.

Structural Changes Suggested:

- there would be two divisions: Business Development and Energy;
- tourism and parks will be transferred to Environment and Renewable Resources;

- business development will deal with all sectors of the *Northern* economy: small business, arts and crafts, renewable resources and non-renewable resources.

Department of Justice and Regulatory Affairs

Rationale

This department would combine **all** the legal and regulatory responsibilities/requirements under one jurisdiction to deal with such matters as: **consumer/corporate** affairs, liquor commission, mine and fire safety and business **licences**. In short:

- this new department would incorporate the constitutional and legal services of the present Justice Department coupled with a responsibility for regulatory matters.

Structural Changes Suggested:

- Commissioner for Oaths, Sheriff's Office, Supreme Court and Justice of the Peace offices would remain;
- Legal Services Board could be streamlined once legal services have been setup in the Regions;
- regulatory functions would be consolidated in this department with a special emphasis on "safety"; these functions would include mining safety, electrical/mechanical inspections, occupational **health** and safety and the **Labour** Standards Board;
- consumer and corporate affairs.

Advantages of the this Further Level of Consolidation

This level of consolidation has the following features and advantages:

- this plan represents a substantial reorganization of the GNWT'S operating programs and resources into significantly fewer and larger departments; effectively, all operating departments would undergo major surgery by way of consolidation;
- this plan would produce the most significant savings in both dollars and PYs;
- the relationship between renewable resources, tourism and parks and the environment is redefined and entrenched in one department;
- the importance of non-renewable resource development as a vital sector of the economy is recognised. The relationship between non-renewable resources and economic development will also be reflected in the new Department of Energy, Mines and Development, which will combine the existing Energy, Mines and Petroleum Resources with Economic Development. At the same time the Tourism component will be reallocated to the Department of Environment and Resources, which will also be allocated the Science Institute;
- the consolidation of Safety and Public Services into Justice and Regulatory Affairs will place judicial and regulatory functions in one **department**;

- Culture and Communications activities would be split up, with the culture-related functions including libraries and museum, being placed in with Education, and the service functions located alongside other service functions in Public Works and Government Services;
- this phase would also see the amalgamation of Transportation and Public Works in one department. This would allow some savings in senior and administrative personnel to be achieved, and would facilitate coordination of government infrastructure development across the Northwest Territories.

Sustainable Development

Although not reflected in the plans set out above, there is a special case to be made for a unique northern department of Sustainable Development. It would be made up as follows:

<u>Components</u>	<u>Departmental Focus</u>
Sustainable Development (environment, renewable and non-renewable resources, tourism and parks, business development)	To promote economic opportunities in a way that is sensitive to the environment and resources in the north.

This department would build on the existing policy on sustainable development and would be created by consolidating the Environment and Renewable Resources Department with Energy, Mines and Economic Development Department. This new organization would promote integrated decision making by combining two opposing points of view in one department under one head. It would ensure that the government receives healthy and balanced discussion of both sides of the argument, with a view to seeing that this is not a “zero-sum” argument, but one in which both interests can be creatively advanced.

The outline of such a new department is provided below:

Department of Sustainable Development

Rationale

- the theme of sustainable development links the Northern economy and environment in a unique relationship that marries resource management and conservation with a balance of economic development of Northern resources;
- this structure would promote business development in the renewable and non renewable sectors of the economy, whether the business was a country food outlet or a major mining project;

- the logic of grouping is evident: promote the development of the resource economy in an environmentally sensitive yet progressive manner;
- there would be the capability to negotiate **federal/GNWT** agreements (**oil** and gas, mineral **agreements**, economic development agreements) under one structure;
- future **devolution** of resource programs (fisheries) **could** be transferred within the structure of this department.

Structural Changes Suggested:

- the Department of Sustainable Development would include such programs as tourism and parks, environmental management, business development, emergency preparedness;
- the development of tourism would be based on the unique, natural and marketable features of the Northern environment;
- environmental programs (hazardous wastes, pollution control, recycling, oil spill containment, environmental protection) would be consolidated within one structure;
- four divisions would be created under this structure: energy and resources, business development, tourism and parks and environmental management;
- programs would be much more comprehensive and less fragmented with coordination in headquarters and regions vastly improved;
- this suggested structure provides for a more “manageable” type of Department, with programs that are compatible and integrated; the “mission statement” could be the sensitive and responsible development of the Northern resource economy;
- frontline workers (Renewable Resource Officers) would be in an ideal position to respond to environmental concerns.

The Project Group believes that a new department of Sustainable Development would create a great many advantages for the **GNWT**. The history and cultural traditions of northerners would give such a new department considerable credibility and world attention. The Project Group is sensitive to the fact that the “pro-development” and the “pro-conservation” forces would have to be satisfied that their points of view could be adequately represented and balanced in such a unified structure. The new department would have to be seen as combining these points of view in creative and balanced ways, not favouring one point of view over the other.

There would undoubtedly be a special sensitivity in how such a department was setup and how it was structured. For this reason the Project Group believes and recommends that the **GNWT** should proceed in this direction very early on, but in a way that allows for prior public consultation regarding the specific mandate, structure, and staffing of the proposed new department.

Conclusions and Recommendations

In reviewing options for restructuring Government, two plans have been outlined, representing a comprehensive amalgamation of departments and programs that will streamline the business of government, assist Cabinet in discharging its collective responsibilities, and facilitate the transfer of more program authority to communities.

The **Project Group** is cognizant of the argument that **moving** too far in the direction of consolidation **will** create a “junior” looking government. The **Project Group** heard this reservation expressed a number of times. The argument runs that since the **GNWT** wishes to take its place at the table **with provincial** governments, **it will** need a **provincial-looking** administration, with a full complement of departments. The **Project Group** believes there **will** be far greater **credibility** not **in** what the **GNWT** looks **like**, but **in** how well **it** performs. A similar-looking government is less important than one that is working efficiently and working well. Results **will** be far more important than look-alike appearance **in** making the ease for provincehood, **especially if** the cost of that look-alike appearance **is financial** insolvency. **Secondly**, the **GNWT** is different: it is a “northern” government and it is a “native” government, unlike other jurisdictions. This is **reflected** in the consensus form of government and should also be proudly reflected in administrative structure. It is more important that the business of the **GNWT** be conducted in a way that is compatible with the people it serves. For **these** reasons, the **Project Group** is not convinced of the need to mirror southern Canadian jurisdictions.

The **Project Group** recommends that the **GNWT** immediately proceed with the **second** level of consolidation as presented above.

This plan of consolidation **will** greatly strengthen the **ability** of the **GNWT** to contain costs and operate its departments efficiently, thereby freeing-up dollars for much-needed program areas.

It would also bring greater coordination and focus to the transfer process, and to the **post-transfer** support which communities will require. It is not further decentralization or centralization which is needed, but a strengthening of both levels of government and a more equal partnership. Stronger communities will not evolve if the **GNWT** does not have the strength or proper organization to meet the task.

Thirdly, consolidation of departments greatly facilitates program consolidation and integration. It will be easier to eliminate any instances of program duplication and overlap which now exist.

Fourthly, it will give the **GNWT** a greater **ability** to manage the northern agenda, and pursue the north's top priorities.

Lastly, service to Cabinet will be greatly improved. Cabinet will receive better, more integrated policy advice, and **will be in** control of a departmental structure which is better able to bring together all the resources of government on urgent problems.

To recap, the advantages of the proposed consolidations are many:

- Cabinet will be able to take charge of an organization that has been designed with Cabinet priorities at the forefront (e.g. the economy, the environment, education, housing);
- The community transfer thrust will be greatly enhanced in this plan; programs will be integrated and policy advice will be far less fragmented, resulting in programs that are more innovative and communities that are more inclined to assume increased authority for these programs;
- Departments have been organized into structures that can now boast “compatible” programs (e.g. resource development and economic development; community affairs and housing; education, training, and income support);
- Cabinet with the help of stronger central machinery, will be in a much better position to both control costs and provide strong central direction to its operating departments; two essential ingredients in a fiscal restraint mode;
- Bureaucratic “clutter” like excess layers of management, duplication of programs/services, proliferation of boards and agencies will be cleaned up; the size of Government will be streamlined with a renewed vigour to face new and existing challenges;
- Public perception of the new “image” Government will be greatly enhanced; the leaner **structure** should lead to increased efficiencies in response time and control of costs.

In summary, the Project Group believes this consolidation plan, the broad outlines of which have been given above, should be viewed as the blueprint for change and the new trademark for a uniquely northern structure of government.

For departmental consolidation to succeed, it should be made the first priority of the new Legislative Assembly. If the proposal is accepted, it should be implemented all at once, or the drive to restructure will lose momentum. Therefore it is strongly recommended that the entire restructuring occur as one exercise, at the earliest possible date in the term of the newly elected government.

This issue of consolidating and simplifying the business of government is crucial to the timely transfer of additional program authority to community governments. Consolidation is an integral component in paving the way for transfer. If this process of consolidation drags on and gets caught up in administrative delays or debates, then the opportunity for timely community transfer could be lost. It is also important to emphasize that this consolidation and emphasis on community transfer does not imply a weakened headquarters management structure and function. Quite the contrary, a strong and capable management structure acting effectively under the direction of Cabinet is essential to the success of community transfer and **fiscal** restraint. Consolidation and community transfer change the role of headquarters management but not the **need** for the function.

C. LAYERS OF MANAGEMENT

Just as there is a need to consolidate **GNWT** departments to create fewer, large departments, there is also a need to consolidate within individual departments to create fewer programs and fewer layers between top management and communities of the north.

The question of “layers of management” in an organization is a question which has been almost completely **re-thought** in recent years. Excessive layers of management are becoming recognized as a major impediment to effective vertical communication in an organization. The goals from the top become badly distorted by the time they reach the front-line and vital information from front-line staff is seriously compromised by the time it gets back to senior management.

The layers of management in an organization were once **tied** closely to the idea of span of control, but that idea too has been seriously shaken especially with the introduction of new information technology. Many private corporations were forced to de-layer in the 1980s. To their surprise they learned that the reach of management could be greatly extended by strongly emphasizing proper information technology, goal-setting, delegation, and “feedback” techniques. These lessons cannot afford to be lost on government, especially in periods when the demands on government are still many, but the resources available are shrinking.

In considering the layers of management in the **GNWT**, the Project Group looked particularly at two issues:

- The review process for the creation of management positions;
- The number of senior management positions.

These issues are of concern for two reasons:

- The costs they add to government;
- The distance they can create between senior managers in headquarters and front-line staff in the regions and the communities.

Creation and Distribution of Management Positions

At present, there are approximately 226 senior managers in the **GNWT**, at the following levels:

- 18 Deputy Ministers (or equivalent)
- 27 Assistant Deputy Ministers
- 12 Regional and Assistant Regional Directors
- 86 Regional Superintendents (or equivalent)
- 76 Division Directors
- 7 Executive Directors

In the past ten years there have been a number of new **senior** positions created in the **GNWT**, although the information base **needed** to trace **this** growth is very deficient. The Project Group was not able to obtain accurate data covering the 1980-1990 period.

As well, it seems that some **senior** positions are **being** created in a very uneven way. For example, positions at the Director level show anomalies as follows:

- **Public Works** with 487 **PYs** has **eight** directors;
- **Energy, Mines and Petroleum Resources** with 20 **PYs** has seven Directors

The layers of management also shows a great deal of unevenness. In some departments, management appears to be unnecessarily layered. For example, in Education, there are the following positions in the **Finance** and Management Services division:

- Director
- Four Managers
- One Supervisor

In some cases, the Managers have no staff reporting to them.

In the Regional offices, there also appears to be an uneven distribution of managers. For example, **all** Regional Executive offices are staffed by a Regional and Assistant Regional Director position. (In Fort Smith, there are **Area** Directors.) Although the **Baffin** Region is twice the size of the **Kitikmeot** Region, there is a Regional Director and Assistant Regional Director in each Region.

Similarly, some Regional departments with as few as 12 **PYs** have a Superintendent and Assistant Superintendent position (Finance, ED&T, MACA).

In reviewing the distribution and pattern of management positions, the Project Group makes three observations:

1. The data base respecting management positions is very weak. No information was available to trace the areas of greatest growth. The data base **will** need to be strengthened if the **GNWT** is to effectively control costs in this area.
2. In many cases, the rationale given to the Project Group for the number of management positions was either weak or non-existent. An explicit and defensible rationale should be available for all management positions, and should relate positions to such factors as:
 - costs/benefits associated with the management structure
 - number of **PYs** in Department/Division
 - ratio of number of managers to staff
 - ratio of programs to managers

- impact on decision making
3. It is recognized that even **with** the development of tighter and more **explicit position** rationales, there will still be differences between the management structures of different departments, and for good reason. For example, differences in program structures **will require** differences in management structures. However, the very wide extremes **which** are now evident are a concern, **since** extreme differences in departmental structure add considerably to the complexity of government and the difficulties community residents experience in **dealing** with the various arms of the **GNWT**. As a consequence, a tendency has developed to bypass the bureaucracy completely **in** favour of **going** straight to Ministers for relatively **minor** administrative matters. **This is** frustrating and time-consuming for everyone. To **avoid being** regarded as a large, complex and confusing “southern” institution, the **GNWT will** always have to pay **special** attention to keeping its departments as simple and understandable as possible. Every effort should be made to see that the business of Government is carried out **in** as **similar** a manner as **possible** from one department to the next. Simplification **and** feasible standardization should be consciously factored into departmental design, wherever possible.

Growth in Assistant Deputy Minister Positions

Over the past five years, growth in the senior management ranks has occurred as follows:

	1985	1990	%Increase
Deputy Ministers	14	18	29
ADMs	15	27	80

Departments (and PYs)		
No ADMs	One ADM	Two ADMs
Government Services (233)	Personnel (124)	Culture (128)
EM&PR (20)	Finance (159)	MACA (158)
SAPS (68)	Justice (126)	Social Services (463)
	Executive (159)	Renewable Resources (273)
		ED&T (157)
		Education (501)
		Health (133)
		Housing (164)
		Transportation (222)
		Public Works (487)

The number of **ADM** positions has grown rapidly in the past five years and shows no signs of abating. There is now one **DM** or **ADM** position in the **GNWT** for every 130 employees, which is an extremely top-heavy management structure.

The number of **ADM** positions in departments does not appear to be related to the size or the structure of that particular department. As examples:

- Culture and Communications with 128 **PYs** has 2 **ADMs**
- Personnel with 124 **PYs** has 1 **ADM**
- Social Services with 463 **PYs** has 2 **ADMs**

The departments of the **GNWT** are not very large. If the departments were consolidated, there might be greater room to understand the need for the large (and growing) number of **ADM** positions. As it stands, one of the advantages of small **departments** is the opportunity provided **DMs** to be directly in touch with their senior program staff. The growing number of **ADMs** negates this advantage and is contrary to the (sensible) trend towards flat, delayed organizations. Accordingly, this is an area where the **GNWT** should focus on reducing the layers (and numbers of positions) at the management level.

Conclusions and Recommendations

In the **GNWT**, the creation of management positions (i.e. Hay Plan positions) is reviewed by a committee chaired by the Deputy **Minister** of Personnel, along with three other senior Deputies.

This is separate from the review of “organizational structure”, which rests with the Priorities and Planning Committee. Any change affecting departmental structure at the senior management levels must be vetted by Priorities and Planning Committee.

The Project Group believes that the appropriate review of senior management structure and senior management positions rests with neither of these bodies but with the Financial Management Board alone. Structure is a key element of cost, and decisions of cost are the domain of the **FMB**. Similarly, senior personnel area key resource in an organization, and the question of appropriate resource allocation rests with the **FMB**.

Accordingly, the Project Group recommends that the **FMB** and the **FMB** alone be assigned responsibility in the review of departmental management structures, and the review of new management positions. The review of these areas should take place on an ongoing basis in the context of the preparation of the annual estimates. This is the appropriate time for reviewing programs of government, and the resources, including management resources, required for the delivery of those programs.

Additionally, it is recommended that the information base, rationale and the process for creating management positions be considerably tightened in the **GNWT**. While this tightening should apply to all management positions, it is especially true of the ADM level.

D. A STRONGER ROLE FOR REGIONAL OPERATIONS

The Project Group examined the “regional operations” of the **GNWT** from two perspectives.

- First, the extent to which decision making occurs outside of headquarters;
- Second, the role of the Regional Director.

The first issue was of interest as it has a large bearing on the over-all efficiency and productivity of the **GNWT**. In all cases, decisions should be delegated to the lowest practical level and as close as feasible to the point where action is to be taken. This accelerates decision making and it increases productivity. An employee with greater scope for decision making also has greater scope for taking action and getting results. In short, he can do more for his own position, and for the organization as a whole. Proper delegation allows an organization to do more with the available resources.

In the context of the **GNWT**, delegating decision-making to front-line staff **would give** those staff who live in the communities an opportunity to take on problems from a ground up or community-based perspective, and give them the satisfaction of seeing their solutions put into effect.

Community-based officials tend to approach community problems with an holistic (or government-wide) perspective rather than simply from an individual departmental view and generally see community life differently and more realistically than a distant territorial Government official. Being able to respond to a community problem in a practical manner - and being able to see immediately the results of that response will contribute to work enrichment, enhanced job satisfaction and better productivity in the **GNWT**.

The Distribution Of Regional Staff

The **GNWT** provides programs and services to some 55,000 residents scattered over 3.3 million km² in some 64 communities. To better manage and deliver these programs, the **GNWT** has organized the Territories into five regions, with one (Fort Smith) being further subdivided into **three** areas.

Within each of the five regions, the GNWT has a number of staff, including line department staff, and Executive staff.

- All line departments have positions in the regions. The regional **centres** have senior management positions such as the Regional Superintendent and Assistant Regional Superintendent, and the individual communities have a number of front-line departmental staff.
- The Department of the Executive has the office of Regional Director, an Assistant Regional Director, and staff in the communities. They bring a Cabinet perspective and coordinate activities within a region.

Among line departments, there is a significantly different break-down in terms of staff located in headquarters, in the five regional **centres**, and in the communities. Of 6,200 employees, approximately 67% are located in the five regional **centres** and headquarters (which account for 46% of the total Northwest Territories population). At the community level, the Department of Education has the greatest number of community-based field staff, with 53. Other departments with community-based staff are as follows: Health (40); Public Works and Social Services (37 each); Renewable Resources (31); and Executive and Arctic College (29 each). Economic Development and Tourism has employees in 21 communities, and Transportation in 13.

To further illustrate the number and types of staff positions in the regions, an analysis of the **Kitikmeot** Region is presented here. The **Kitikmeot** Regional **Centre** is Cambridge Bay. All departments have Superintendents there, except for Social Services, Renewable Resources and the **Kitikmeot** Divisional Board of Education (**KDBE**) which have moved their senior regional staff to **Coppermine**.

Fourteen departments are represented in the region.

Five departments have staff in each community:

- Executive
- DPW
- Social Services
- Education - **KDBE**
- Health - Health Centres

Eight departments have staff in only one community:

- Education (**KDBE** headquarters is in **Coppermine**)
- Personnel - in Cambridge Bay
- Finance - in Cambridge Bay
- Government Services - in Cambridge Bay
- Culture and Communications - in Cambridge Bay

- MACA - in Cambridge Bay
- Transportation - in Cambridge Bay
- Health (Health Board headquarters is in Cambridge Bay)

The remaining departments have staff in two or more of the communities. In total, in the Kitikmeot region there are 334 GNWT staff positions, as follows:

	GNWT POSITIONS				
	Population	Frontline	Admin.	Managers	Total
1. Cambridge Bay	1,065	83	I 59	I 21	163
2. Coppermine	945	54	8	5	67
3. Spence Bay	564	29	2	1	32
4. Gjoa Haven	742	31	2	1	34
5. Pelly Bay	345	18	1	1	I 20
6. Holman Island	335	16	1	1	18
TOTALS	3,996	231	73	30	I 334 II

(Frontline workers are positions such as teachers, nurses, social workers, economic development officers, renewable resources officers, etc. Administration staff includes secretaries, clerks, etc. Management includes Hay Plan managers.)

In Cambridge Bay, a regional centre, the percentage of GNWT staff per capita is 15.3%, while in the communities it is as follows:

- Holman Island 5.4%
- Coppermine 7.1%
- Gjoa Haven 4.6%
- Spence Bay 5.7%
- Pelly Bay 5.8%

In presenting these figures, it should be noted that the Project Group was not asked to comment on the number of positions in the region, but was asked to gauge, through interviews with departmental staff, community residents, and elected community officials, the extent to which these staff exercised substantive decision-making.

As can be seen from the above case of the **Kitikmeot** region, generally speaking, the departments with programs and services directed to individuals and/or families have made some effort to provide community-based delivery. However, the extent to which these programs are actually managed locally was seen as insufficient by many of those interviewed. The Project Group heard strong evidence that actual decision-making in the **GNWT** needs to be put closer to the client.

Delegating Decision-Making: Putting The Community UpFront

The **GNWT** exists to serve the people of northern communities. The pattern of decision-making should reflect this. Even with high-tech communications and transportation, decisions affecting programs or services should be made as close as possible to the end user, i.e. the people of northern communities. This ensures that the client's interests stay up-front in an organization's thinking, and that the organization is "**client-centred**".

The results of "distance decision making" can be programs that are inappropriate, actions that are ineffective, problems that remain unsolved, and decisions that remain **stuck** in red-tape. By moving authorities "out there", there would be plenty of opportunities for program integration, and innovative approaches to solving problems and response time in dealing with problems/issues would be fast tracked.

As a consequence, the Project Group recommends the **GNWT** should strongly **re-assert** the importance of moving decision-making closer to the community base, especially at a time when the **GNWT** is **becoming** actively involved in transferring more responsibility and authority to community governments.

The Role of the Regional Directors

Each of the five **GNWT** Regions has a Regional Director (and four have Assistant Regional Directors), reporting to the Government Leader. Regional Directors are **meant** to provide a coordinating function to line Managers and ensure that these Managers are fully aware of Cabinet priorities, not simply departmental mandates.

The role of the Regional Director has changed over the period of 1980 to 1990. The Regional Director originally had formal line authority over operating personnel in the Regions. All Superintendents of the Region reported to the Regional Director, and the Regional Director reported to the Commissioner. That role changed very rapidly with the introduction of Ministerial government. The Regional Director now coordinates the activity in the region, and chairs meetings of Regional Superintendents. Superintendents now report to their own Deputy Ministers or Assistant Deputy Ministers.

The success of the Regional Director in the region now hinges on the ability to “influence” superintendents, which in turn is based primarily on personality, management style, or relationships with individual Ministers,

A New Role

The Project Group believes the role of the Regional Director can be a very important one but has concluded that the role should be redefined and oriented to the service of the full Cabinet. Their current role and reporting relationship leaves them isolated and less effective than they might be.

Specifically, the Project Group recommends:

- that the Regional Directors should serve the Cabinet as a whole (not just the Government Leader)
- that the Regional Directors should report directly to the Cabinet Secretary
- that the Regional Directors should serve as part of the central machinery of the GNWT, ensuring that Cabinet priorities are clearly articulated to departmental regional officers and that a regional perspective forms a strong part of central agency thinking
- that the Regional Directors should perform a strong role in relation to the new priority attached to community transfers, and that they should be key members of the GNWT'S Implementation Group for Community Transfers

The Project Group believes however there is room to eliminate the Assistant Regional Director, with that role taken on in rotation (perhaps on an annual basis) by one of the regional superintendents. This has the following advantages: it would save positions, it would give regional superintendents a greater corporate perspective, and it would give each regional superintendent a better insight into other departments. The idea that the GNWT is one government - not separate and distinct departmental entities - should be reinforced at every opportunity. As a result, regional superintendents would become not only better in their jobs, but more important, they would become better “corporate” problem solvers on behalf of the GNWT, and far better problem solvers in being able to expedite business for the public. The ability of the superintendent to fill this role while at the same time filling his regular duties is subject to question, but departmental support could be provided to allow for re-arranging his work load during his period of double duty. As such, the Project Group believes that superintendents would not find this insurmountable (especially as the cycle of double-duty would only come around every seven years).

This option is therefore strongly recommended.

Executive Service Officers (IMO)

The **ESO** positions report to the Regional Directors and are often the only **GNWT** contact in the smaller communities. They are responsible for a number of programs and **services** including:

- Personnel **Services**
- Accommodation Services
- Finance **Services**
- Government Supply Services
- General Office **Services**
- Executive Liaison
- Public Service

The Project Group heard from communities that the **ESOs** are vital in these communities where there are no other or very few government staff or resources. **They assist community people and/or carry out the work of Government.**

Not all communities have an **ESO**. All the communities in the three regions of **Baffin, Keewatin** and **Kitikmeot** have Regional Directors or Executive **Service** Officers but in the western Arctic, 21 out of 30 communities do not. In the **Inuvik** region, only 3 out of 12 communities have executive representation.

- **Inuvik** (the regional **centre**) has the Regional Director
- Tuktoyaktuk and Norman Wells have **ESOs**

And in the Fort Smith region, only 6 out of 18 communities have executive representation.

- Yellowknife is the headquarters
- Fort Smith is the regional **centre**
- Fort Simpson and Rae are area **centres**
- Hay River has a Field **Service** Officer
- Fort Providence has a Field Service Officer

In the western Northwest Territories, the Band Council often provides similar **services** to those of the **ESOs**. There is no **GNWT** funding to provide that service, but it is provided since there is a need for it. The Dene people recognize the Band Council as their representative, and look to them for assistance. The Band Office Staff provides the liaison for the people to **GNWT**.

Accordingly, it is recommended that the **GNWT** consider funding to Band Councils in the Western Arctic for **ESO** positions. These could be *3-year* contract positions, and one of the specific duties assigned to these positions could be the community groundwork associated with “Community Transfer Agreements”.

CHAPTER 5: GOVERNMENT-CREATED BOARDS AND AGENCIES

A. THE PROBLEM

It is the strong view of the Project Group that one of the greatest areas of structural inefficiency in the **GNWT** lies in the excessive use of non-elected and mostly advisory boards and agencies. Many of these boards exist at the community and regional levels, and undermine and hamper the development of strong undivided community leadership. They are also deflecting funds from program services and are less necessary now that there is a fully elected territorial Government. Since its inception in 1967, the **GNWT** has relied heavily on third party boards and agencies, and there are now about 800 such structures in a territory of only 64 communities.

In a sense, consensus government was complemented by these types of public structures: boards and agencies provide some useful advice/feedback or “community” thinking on new programs and initiatives of the government. As well, some of the larger boards are also partly responsible for the administration and management of selected programs.

While there are advantages in seeking public opinion in a consensus government, the excessive use of boards and agencies has a number of major drawbacks. As a consequence, the third party board and agency concept is being “seriously re-thought by the **GNWT**.”

In “Direction for the 1990s”, (February 1988) the Executive Council indicated that “the many special purpose committees, societies and boards at the community level, . . . independent of elected municipal and community governments, . . . reduced the effectiveness and control of elected councils. . . A variety of regional boards and bodies further complicates this already complex government system.”

As well, the discussion paper on “Political and Constitutional Development in the Northwest Territories”, (November 1988) estimated that there were “1500 elected politicians in the Northwest Territories, as well as at least 800 statutory and other **GNWT** sponsored bodies operating in the communities. In the non-taxed based communities, there are over 320 special purpose bodies costing about \$66 million a year. At the regional level there are regional and tribal councils, health, wildlife and educational boards and aboriginal organizations. The cost of supporting these groups is deflecting public funds from the provision of public services such as education and housing.”

The Project Group agrees with these conclusions:

First, the proliferation of boards and agencies has made it virtually impossible for the **GNWT** and community governments to effectively manage the business of the north. Layer upon layer of boards and agencies make effective decision-making impossible and leave the average person bewildered at the structure of government. Both the elected official and average citizen have been made to feel powerless.

Second, these structures are undermining the effectiveness of elected **leaders**, including Members of the Legislative Assembly, Cabinet Ministers, and community leaders.

Third, the administrative costs (honoraria, travel, **accommodation**, expenses, etc.) of these structures are large and increasing, and draw funds away from program services.

And last, all boards, agencies and third party organizations are creatures of the **GNWT**. Few if any of these boards and agencies were invented by communities or community governments. As a result, there is very little ownership of these structures at a grass roots level. Community residents find the mass-of boards confusing and community talent is fractured into dozens of weak and competing structures.

B. THE CATEGORIES

There are a great many third party organizations in the north that provide feedback (wildlife management boards), handle administration (Housing Associations) or have been set up in order to appropriate contribution dollars in the communities (daycare societies). Departments have developed their own respective community organizations (Hunters and Trappers Associations, Drug and Alcohol Groups).

The major categories of third party boards and agencies are set out below.

1. Advisory/Management

Examples:

- i. Committee on Aboriginal Justice

This committee is advisory to the Minister of Justice. Consisting of 5 members, the committee provides advice to the Minister on matters related to aboriginal justice. Members on the committee are appointed by the Minister. Annual costs to administer: \$25k

ii. Boards Of Health

Boards of Health are boards of management responsible for the delivery of health services and management of health facilities. Appointed by the Minister, there is usually one member for each community that the Health Board represents. Representatives of local/regional aboriginal organizations are appointed to Health Boards. Additionally, there are three hospital boards of management.

In addition to the administrative **costs associated** with Board membership (travel, accommodation, honoraria), there are also significant operational costs related to the structure and organization of Board offices in **Inuvik, Kitikmeot, Rankin, Iqaluit** and the Mackenzie Region. Administrative costs: **\$510k** (travel and honoraria only)

iii. Divisional Boards of Education

There are seven divisional boards of Education (possibly ten in the future) which manage and direct the delivery of the school program in their respective areas. They set priorities for education and provide advice to the Minister on new programs, initiatives and construction of schools. Members on the Boards are appointed by the community education councils who are in turn elected by the community. There are also 49 Community Education Councils, five Societies, two School Boards and a Board of Secondary Education.

2. Regulatory/Complex

Examples:

i. Public Utilities Board/Highway Transport Board

These boards are regulatory boards established under legislation. The members are appointed (by the Minister/Commissioner) and the boards regulate as well as review utility and transport issues affecting the Northwest Territories. There are four members on each board. Administrative costs: **\$175k**

ii. Northwest Territories Housing Corporation Board of Directors

The Northwest Territories Housing Corporation Board of Directors, composed of 12 members is established under the Housing Corporation Act to provide policy and advice to the Minister on issues related to housing inventory and design. There is also established in each community a Housing **Association/Authority** with the responsibility to allocate and manage the Corporation's public housing units. Administrative costs: **\$100k**

iii. Arctic College Board of Governors

Appointed by the Minister of Education, the Board of Governors, consisting of 15 members, administer the Arctic College system and provide policy advice to the Minister through the College. Administrative costs: **\$160k**

3. Complex/Regulated Commercial

The only board that is currently defined in this category is the Northwest Territories Power Corporation. Established under the Act and reporting to the Minister of Energy, Mines **and** Resources, the Power Corporation is responsible for the generation, transmission and supply of energy across the Northwest Territories. There are presently nine members on the board of directors. Administrative costs: \$200k

It should be noted that the per diem honoraria are set by directive of the Financial Administration Act. Ranging from \$150-\$650 per diem for Chairman and \$100-\$250 per diem for ordinary members, these rates are considerably higher than the per diem honoraria for elected officials of most community Councils.

C. THE NEW APPROACH: STRENGTHENING THE ROLE OF THE ELECTED REPRESENTATIVE

In the beginning of the GNWT, a legitimate need existed to maximize input from the public, particularly since the government was in its formative stages and the "territorial council" members were for the most part appointed by Ottawa. There was a requirement to weigh public opinion in the absence of political representation in the Legislative Assembly and organized elected community governments.

But the Project Group believes times have changed. Now, public opinion and consultation can be channeled through legitimate "elected" bodies. Structures must be streamlined and the business of government must be carried out more efficiently, and in a manner less bewildering to the average citizen. Consensus government implies that different opinions be heard and weighed carefully. It does not imply the continued proliferation of permanent structures which deadlock the business of government.

Northern government in the 1990s should strengthen the role of the elected representatives at the territorial, and community levels. In order for elected and accountable officials to assume greater control over the real "bread and butter" programs, the elected government structures must not be undermined. The profile of the MLA as the elected representative of their constituency must be raised.

Strengthening the Role of **Community** Governments

The vision for the 1990s must also pave the way for community governments to assume greater control over those programs that affect the lives and the fabric of their community. Today, in some communities, there are as many as 30-40 groups involved in many different aspects of community life from **childcare** and housing to health and education. The **strength** of the elected community council has been effectively **restricted** to providing water and sewer services. By significantly reducing the number of these community groups, there will be new opportunities for consolidation and restructuring under the jurisdiction of the **community** government. Structures will be legitimized, numbers of groups will be reduced and community management of programs will be less complex. Funds will be directed to programs and program delivery rather than structure and administration.

Recommendations

The Project Group recommends that boards, agencies and other third party organizations and structures be reviewed in light of the following factors:

- categorization of the function: advisory, regulatory, appeal, administrative, management;
- opportunity for amalgamation under the umbrella of a community government;
- administrative or operational costs to maintain the board/agency;
- mandate in today's political environment with consensus and representative Government (MLA, Cabinet, etc.).

With these factors in mind, all boards and agencies should be assessed specifically in light of elimination, downsizing, or consolidation.

1. A number of boards and agencies have been set up to provide advice. These include:

- Northwest Territories Arts Council
- **Akaitcho** Hall Advisory Board
- Affirmative Action Advisory Committee
- Advisory Committee on Aboriginal Justice
- Advisory Council on Women
- Victims Assistance Committee
- Development Impact Zone Groups
- Trade Advisory Committees (there are five committees)
- Public Records Committee
- Student Financial Assistance Board
- Teacher Certification Board
- Tourism Marketing Council

2. Boards and agencies that provide a management or administrative function include:

- Housing Corporation Board of Directors
- Housing Associations
- Arctic College Board of Governors
- Alcohol and Drug Services Board of Management
- Legal Services Board (including Regional Committees)
- Wildlife Management Boards
- Business Credit Corporation
- Business Loan Boards/Development Corporation
- Hunters and Trappers Associations
- Regional Health Boards
- Hospital Boards
- Community Education Councils
- Territorial Hospital Insurance Services Board

With some boards (Health Boards, Housing Associations, etc.), there are significant opportunities to downsize and/or consolidate under the community government, thereby saving costs, reducing the number of community and regional groups and eliminating unnecessary duplication and confusion.

3. Boards and agencies that provide a regulatory or appeals function should also be subject to review. These include:

- Public Utilities Board
- Highway Transport Board
- **Labour** Standards Board
- Liquor Licensing Board
- Worker's Compensation Board
- occupational **Health** and Safety Board
- Social Assistance Appeals Board
- Assessment **Appeal** Tribunal of the Northwest Territories

4. Those third party structures that have been set up, usually at the community level, in order to provide program funds (contributions) to a community group or to provide a "window" for departments to implement programs. There are opportunities for consolidation under the community government.

- daycare societies
- radio societies
- drug and alcohol societies
- library societies/associations
- historical/heritage societies
- tourism associations
- crisis shelter/family violence groups

- youth justice committees
- social assistance appeal committees
- friendship **centres/youth** groups
- arts/cultural organizations

The consolidation of some of these groups under a community government (if the communities desire this option) will enhance the role of the elected officials and should provide for a more “manageable” way of doing things in the communities. It will also facilitate for the transfer of more **GNWT** programs to communities under the mandate of strong elected leadership.

5. The number of members and directors on any given board varies significantly. Territorial boards tend to have large memberships with numbers ranging from 15 (Arctic College Board of Governors) to four (Public Utilities Board). **Regional/Divisional** Boards have numbers ranging from 19 to seven. Normally, membership is determined by legislation and usually a range of numbers is suggested. (i.e. 7-12 members). If it is decided that certain boards cannot be eliminated, then consideration could be given to reducing the numbers of members on those boards (downsizing).

Accordingly, it is recommended that the number of members on any **GNWT** board be reduced significantly to say, three to five members. This would result not only in cost savings, but would also streamline the business of the board as well. One way to reduce numbers on boards would be to not fill vacancies as they occur; it should be noted that there is a significant vacancy rate on many boards and numbers could be reduced now by simply not filling some of these vacancies.

6. Honorarium rates are outlined in the Financial Administration Act Manual (**FAM**) based on the category of the board (advisory, regulatory/complex, **complex regulated commercial**). Daily honorarium rates range from \$100-\$200 for members to \$150-\$500 for Chairmen. A number of boards are proposing rate increases over and above the **FAM** rates, (**WCB, PUB, HTB**). In some cases, these requests represent a 100% increase in existing honorarium rates.

It is strongly recommended that honorarium rates as outlined in the Financial Administration Act be strictly adhered to and that there be no consideration given to any proposals for rate increases. It is felt that existing honorarium rates are fair and should adequately offset loss of wages and any other costs incurred by members. Expenses incurred by board members are also paid as a separate item. Honorarium **rates** for many boards are already considerably higher than the rates set for elected community councils.

It is further recommended that consideration be given to voluntary membership on boards; this observation was made by a number of municipalities which responded to the FMB questionnaire. In the case of voluntary membership, expenses would continue to be paid, but honoraria would be discontinued. It is felt that the idea of voluntary membership will “catch on” in the Northwest Territories resulting in significant savings in honoraria.

7. In reviewing the issue of the numbers of boards and agencies, the Project Group noted that some boards had not met for many months or even years. There does not seem to be any periodic evaluation of boards to determine relevancy or legitimacy - factors that are crucial, especially in times of fiscal restraint.

The Project Group has already recommended that many boards be eliminated, but for those that remain, it is **recommended** that regular and on-going evaluations of boards be undertaken with specific attention to the costs and mandate of inactive boards.

It is further recognised that, at times, there may be the need for public opinion and that in order to receive this input, “special boards” be struck to discuss specific issues. These boards would have a definite sunset clause and would cease to exist when their mandate was completed. In this way, the costs can be controlled and numbers of boards can be better managed. As well, consideration could be given to voluntary membership on these special boards.

Conclusion

There will undoubtedly be varying degrees of political backlash as a result of the reduction or elimination of honorarium payments, and a perceived decreased level of advice and input from community groups. As well, Ministers and senior bureaucrats may see the process as threatening their established “institutions” and will want to maintain their departmental windows and allegiances in the communities. Elimination and reduction of selected boards and agencies will also be considered by some as risky by a government that has traditionally adopted a very cautious approach in conducting its affairs.

However, in the Northwest Territories today, there are at least 500 elected community officials representing varying levels of municipal and Band Councils who are able to provide advice and feedback on GNWT programs. These community leaders are starting to show an interest in assuming more control over some of these programs let alone provide advice. Additionally, elected MLAs are now an established forum for ensuring that the views of their constituents are properly represented.

A major rethinking of the costs, effectiveness and usefulness of third party boards and agencies is therefore crucial in terms of redeploying scarce funds from structures to programs, making the north more manageable, streamlining and simplifying Government, **re-enhancing** the role of elected officials and providing a more comprehensive framework for transfer of more authority to responsible community governments. This **re-thinking** would be in line with directions which Cabinet has already indicated, and in line with a less bewildering structure of government which northerners strongly desire.

CHAPTER 6: THE CENTRAL **MACHINERY OF THE GNWT:** **REINFORCING** CABINET **LEADERSHIP**

All organizations need strong leadership and a clear locus of power. This point cannot be made too strongly.

Organizations with a very clear sense of purpose and direction, will in the end, succeed. Organizations with a poor or weak sense of purpose and direction, will in the end, fail. The needs of central direction are paramount in any organization.

In the **GNWT**, the Legislative Assembly is paramount. On their behalf, the Executive Council (or "Cabinet") is charged with the special trust of giving purpose and direction to government. In the end, whether the **GNWT** achieves its goals in northern Canada, will depend on how clearly those goals are laid out, and how strongly those goals are carried out.

The responsibilities of Cabinet are different from the responsibilities of Ministers. Over the next ten years, the **GNWT** Cabinet will spend in excess of \$15 billion. How it is spent, where it is spent, and on what it is spent, must in the end be decided by Cabinet, not departments or even individual Ministers. The job of Cabinet is to say what needs to be done; the job of Ministers is to get that job done.

If the unity of Cabinet fails to be maintained in carrying out the goals of government, neither will goals be achieved, nor will costs be held in line.

If Cabinet is to fulfill its essential role on behalf of the Legislative Assembly and people of the north, it requires the support of a well-designed plan of central machinery, which is equipped to provide a strong advisory and coordinating function, and staffed by the appropriate resources and very capable officers.

Strong Central Machinery and **Strong** Departments

But stronger central machinery will not only assist Cabinet, it will also assist line departments. By providing a framework of broad goals and policies which are clear and crisp, both the needs of central direction and needs of operating departments for greater freedom to manage can be met.

Departments can only operate effectively with an **explicit** understanding of Cabinet's directions and expectations, and **with** a precise understanding of the resource and policy parameters which are being established. Within this framework of clear Cabinet direction, departments **should** then enjoy considerable freedom to pursue their assigned mandates, without the need to be "shadow managed" by the central machinery whose principal purpose is to facilitate strategic decision-making and monitor its implementation.

Strong central Cabinet machinery and strong operating line departments go hand-in-hand in a properly-functioning structure.

A. CURRENT ORGANIZATION OF THE **GNWT** CENTRAL MACHINERY

The current organization of the **GNWT** central machinery, like the rest of the government, has evolved substantially over the past decade as the **GNWT** has assumed greater province-like powers. Today, the central machinery is a complex amalgam of departments, agencies, secretariats and small units. The major parts of this machinery are as follows:

- Cabinet, Cabinet Sub-committees, and the secretariats which serve these bodies;
- the Department of the Executive;
- the Department of Finance;
- the Department of Personnel.

Cabinet

The eight-member **GNWT** Cabinet is formally known as the Executive Council. It was formerly chaired by the Commissioner of Northwest Territories, but today is chaired by an elected **MLA** who is selected by other **MLA**'s to be the Government Leader.

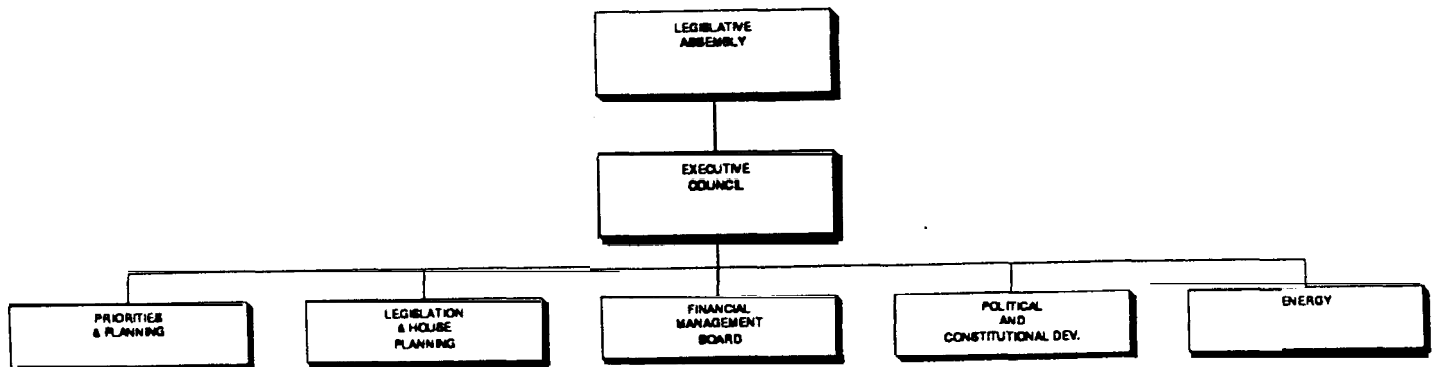
The remaining members of the Executive Council ("Cabinet") are also selected from among the 24 **MLA**'s, and each is assigned Ministerial responsibilities over one or more of the **GNWT**'s seventeen departments.

The major items of business dealt with by the Executive Council as-a-whole include:

- broad framework and direction of government policies and activities;
- Public Service appointments and other personnel matters;
- planning for the Legislative Assembly.

In addition to sitting as the Executive Council, the eight members of the Cabinet have also formed themselves into five major sub-committees: The Priorities and Planning Committee, the Financial Management Board, the Legislative and Housing Planning Committee, the Political and Constitutional Development Committee, and the Energy Committee. Each of these sub-committees is **served** by a secretariat (and in some cases by more than one secretariat). These sub-committees are shown in Figure 13 and are described more fully below.

FIGURE 13: CABINET COMMITTEE STRUCTURE



Sub-Committees of the Executive Council

Priorities and Planning Committee

- chaired by Government Leader and all Ministers are members;
- established by recommendation of Commissioner's Task Force on Administration (1979);
- provides policy advice, broad government planning and program coordination;
- reviews policy proposals, major organizational change, and program proposals;
- served by the Priorities and Planning Secretariat.

Financial Management Board

- chaired by the **Minister of Finance** and all **Ministers** are members;
- responsible for the overall financial management **within** the **GNWT**;
- powers and authority are derived from the **Financial Administration Act (FAA)**;
- responsible for the development of estimates and overall resource allocation;
- served by the Financial Management Board Secretariat (**FMBS**).

Legislation and House Planning Committee

- all Ministers are members;
- reviews all legislative proposals and draft legislation;
- served by a small secretariat.

Political and Constitutional Development Committee

- chaired by Government Leader, plus two permanent members: Justice Minister and Aboriginal Rights and Constitutional Development Minister (Deputy Chairman);
- other Ministers are ex-officio members with full voting privileges;
- recommends to Executive Council on subjects related to aboriginal claims, constitutional development, division, **devolution** and federal territorial relations;
- served by a number of secretariats and advisors.

Energy Committee

- chaired by Minister of Energy, Mines and Petroleum Resources with the Government Leader, the Minister of Finance and of Justice, and the Ministers of Aboriginal Rights and Constitutional Development as members. Ministers with portfolios which may affect any matters discussed will be invited to participate in the Committee's activities;
- recommends to Executive Council on matters related to non-renewable resources, including oil and natural gas and other energy matters;
- served by the Department of Energy, Mines and Petroleum Resources.

The Department of the Executive

The Department of the Executive is the department which serves the Cabinet and which houses all of the staff and the secretariats which provide support to Cabinet and Cabinet sub-committees. (The exceptions are the FMBS which is housed in the Department of Finance and the Energy Committee which is served by the Department of Energy, Mines, and Petroleum Resources).

In addition, the Department of the Executive also houses a wide variety of other small units.

The Department of Finance

The Department of Finance, as noted, houses the FMBS which provides staff support to the Financial Management Board.

In addition, the Department of Finance also houses a number of other key responsibilities and units, including the Comptroller **General, Fiscal Policy, Taxation, Revenue and Asset Management**, and Banking and Investment.

The Department of Personnel

The Department of Personnel fulfils a number of responsibilities related to **GNWT** personnel policy, including **labour** relations, staffing, classification, training, affirmative action, and human resource planning. The findings and recommendations of the Project Group in relation to Personnel are also discussed in Part III of this report.

Evaluation

In examining the central machinery of the **GNWT**, the Project Group was aware that the Cabinet function in the **GNWT** is still evolving. The **GNWT** has been moving from Commissioner Government to Ministerial Government to Cabinet Government in the past decade, and the future may bring further changes to the style of government in the Northwest Territories, including changes affecting the size and composition of Cabinet and its sub-committees, and the relationship between Cabinet and the Legislative Assembly.

These changes were outside the terms reference of the Project Group. **The** project Group was, however, asked to assess how well the current plan of central machinery was suited to supporting an evolving Cabinet function, and what steps, if any, would allow it to support an evolving Cabinet function even further.

In the course of its work the Project Group became convinced that there were weaknesses in the existing plan of central machinery, and that changes were needed if the needs of Cabinet were to be met.

The major deficiencies the Project Group sees are as follows:

1. There is not a sufficient locus of power in Cabinet and hence there is not a sufficient locus of power in the bureaucracy. The needs of central direction are not being met.

Minister do not yet have a clear grasp of the essential direction-setting role of Cabinet, and departments do not appreciate the direction-setting role of the central agencies.

The symptoms of a lack of central direction are painfully widespread. Too much time and attention is being spent on protecting individual budgets, and too little time is being spent on pursuing overall government priorities.

A respect for the proper process for the allocation of scarce funds is lacking, as is evidenced by the large number of financial submission “walk-ins”, premature announcements, and supplementary funding requests. Ministers themselves are responsible for many of the abuses, but the problems now permeate many levels.

2. The GNWT central machinery has evolved in an ad-hoc and uncoordinated way. The result is a collection of small splintered groups, each pursuing its business in isolation from one another.

There is seemingly very little coordination between and among the units serving Cabinet. Initiatives are undertaken by some units to the complete surprise of others.

There is little sense of common bond between units and the rationale behind the distribution and fragmentation of units is not immediately apparent. Some Cabinet committees are served by no fewer than three units, some by one, and still others by an operating department (see below). There are major structural weaknesses in the way resources are organized; in areas where the central agencies have achieved a measure of coordination it is despite the structure they have, not because of it.

3. There is not a well-defined sense of the role and purpose of the central machinery within the GNWT. Staff in line departments lack a good understanding of what central agencies are supposed to do.

Moreover the way the central machinery is organized helps to feed this confusion. To cite one example, one Cabinet committee, the Energy Committee, is served by the Department of Energy, Mines and Petroleum Resources. EM&PR was recently formed as a stand-alone department, prior to which time it had been a unit within the Department of the Executive. It has now become “hybrid”, part central agency, part operating department, a situation which makes it impossible for it to be seen as providing independent, program-neutral advice to Cabinet. To cite another example, the Department of the Executive houses a mixed collection of dissimilar units, some of which serve Cabinet but others of which have entirely unrelated functions. It is not at all clear therefore whether a unit’s location in the Executive signifies it as part of the Cabinet machinery or simply an inability to locate it elsewhere.

4. Poor relationships between central agencies and line departments.

There are poor relationships between central agencies and operating departments and there is insufficient mutual respect for each other's roles. There is very little movement back and forth between central agencies and operating departments. When central agencies recruit for staff positions, there are virtually no applications from within the **GNWT**.

This problem, however, is symptomatic of a deeper problem within the **GNWT**. There is very little movement at the senior levels even between operating departments. As a consequence, the attachments that develop are directed to that particular department rather than the government. Many levels of the **GNWT** seem to lack a shared vision of the future, clear direction, and a sense of unity of working toward a common goal. Departmental interests are seen as a higher priority than the interests of the government, and there is very under-developed sense of "one-government".

5. The business of Cabinet is not well-managed.

The Ministers in Cabinet have, in effect, formed themselves into six separate committees, which means that many items of business are reviewed over and over. Rather than dealing efficiently with business, matters tend to be referred back and forth; 90- item agendas are not uncommon, with many of these items being small details or repeat matters of business.

The process of decision-making is costly, complicated, and time-consuming.

In short, the Project Group has concluded that the existing plan of central machinery does not serve an evolving Cabinet function as strongly as it should. There is no clear and well-defined sense of what the central machinery includes, and what the relationships are between Cabinet, its central machinery, and operating departments.

There is an insufficient locus of power and discipline within the bureaucracy, which means that the direction provided to operating departments is far too weak. Support to **Cabinet is being** provided by too many scattered secretariats, which are moving in different, even conflicting directions. Resources are too fragmented and the central secretariats do not have the capacity to provide Cabinet with hard and precise information on program costs. Cabinet's time is being fractured by reviewing too much detail and reviewing the same material too many times.

To overcome these problems, the Project Group believes there is a urgent need for change in at least **three** areas:

- the central machinery should be **re-designed** into a clear and understandable four-part plan, the four components of which would be: The **Department of Finance**, the Financial Management Board Secretariat, the Cabinet Secretariat, and the Office of the

Government Leader each served by a separate senior manager. **All** the needs of Cabinet and its sub-committees should be served by these four agencies.

- there needs to be a conscious effort to rotate senior staff more frequently between central agencies and operating departments;
- the business of Cabinet, and the rules of process by which **decisions** are made, needs to be streamlined and more strictly adhered to.

B. A NEW FOUR-PART PLAN OF ORGANIZATION

The proposed “Four Part” model is shown in Figure 14. Each of **the four parts** of the recommended new structure is described in broad outline below. The following is not a detailed description of the four components, simply a brief description of their respective roles and relationships.

Department of Finance

The Department of Finance would continue to house the functions of **fiscal** policy, the comptrollership, and federal-territorial financial relations. Over the next few **years, this last** function will require a major emphasis. It is important for both Finance and operating departments to understand the elements and nuances of the Formula Funding Arrangement which provides the bulk of Northwest Territories revenue and which often impacts program **decision-making**, sometimes perversely. (See Part IV of this Report for a discussion of the impact of the Formula Funding Agreement on program funding).

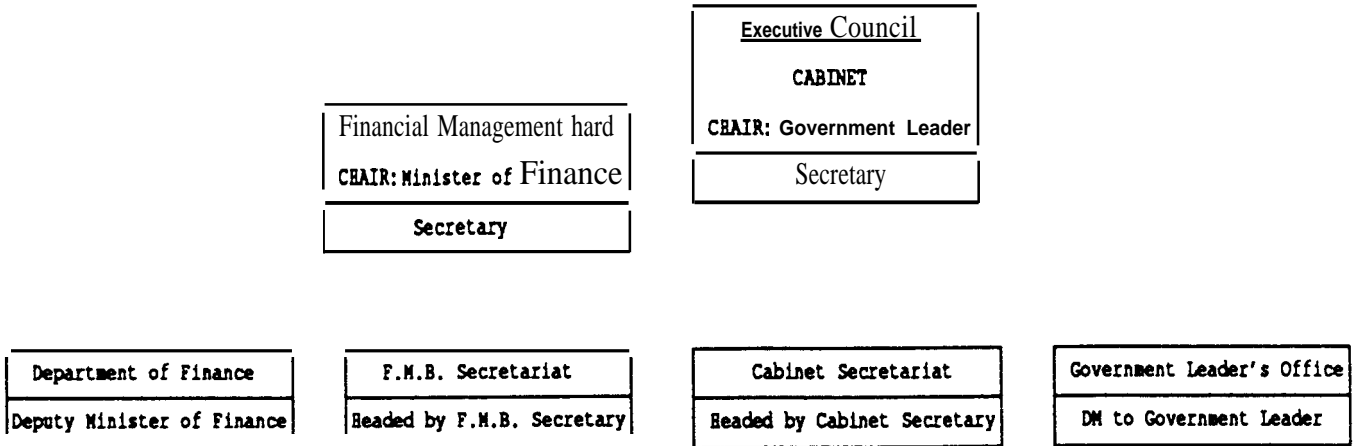
Financial Management Board (**FMB**)

Management of the financial and administrative affairs of the GNWT would remain the responsibility of the Financial Management Board, chaired by the Minister of Finance and served by the Financial Management Board Secretariat.

The **FMB** as a “Treasury Board” would have ultimate responsibility to ensure that limited resources are managed in a responsible and efficient manner. The capacity of the Secretariat to provide the **FMB** with detailed cost information and to evaluate programs and management performance should be greatly strengthened. The **FMB** Secretary should report directly to the Chairman of the **FMB**.

The Financial Management Board should focus on strategic planning and direction of the three principal resources of Government: its financial, human and information resources. Collective bargaining, classification, organizational design, and information technology management, all of which have enormous financial consequences, should become part of the **FMBS** responsibility.

FIGURE 14
A General Plan of Central Authority



To help the **FMB** exercise a responsibility to continually assess administration and financial performance, the Audit Bureau should become part of the **FMB** Secretariat. It is further proposed that the Audit Bureau be strengthened in its capacity to undertake comprehensive audits (operation or value-for-money audits) and special audits, in addition to its current program. Special operational audits should become a feature of the Bureau's work.

As well, an Audit Review Committee (ARC), chaired by the Secretary to the **FMB**, and composed of the Comptroller General, the Deputy Minister to the Government Leader and two department Deputy Ministers rotated every three years, should be established. The ARC would meet five or six times a year to assign, scope and review regular audits and any special operational audits which it has asked the Audit Bureau to undertake.

Deputy Minister to the **Government** Leader

As head of the **GNWT**, the Government Leader should be assisted in the special responsibilities of that office by a senior-level Deputy Minister, who is also Principal Secretary. This DM should also be responsible for House Planning, the Press Office and Intergovernmental Affairs.

Of special importance in the future is the question of the Government Leader's primary role in the appointment, evaluation and rotation of Deputy Ministers. This role should be strengthened and rotation of Deputy Ministers should become a more common practice. **The GNWT** should rotate senior executives more frequently as a way of developing a more unified approach to the conduct of **GNWT** business. Unity of management must be stressed - collective Cabinet authority must be strongly emphasized in the future, and must take precedence over the authority of individual departments. Similarly, both the departments and central agencies must understand each other's role; there is a need to develop a deeper mutual appreciation of the central and operating perspectives. One way to expedite this is to rotate senior managers regularly from the central machinery to departments and vice versa.

In assisting the Government Leader to carry out his or her responsibility in the appointment, movement and evaluation of deputy ministers, the Deputy Minister to the Government Leader should consult closely with the Secretary to Cabinet and Secretary to the FMB.

There is a need within the **GNWT** for deputy ministers to see themselves as members of one team; to perform in a manner consistent with the interests of the Government as a whole, and to be rewarded very much on that basis. Responsibility for promotion of this objective rests primarily with the Government Leader and the deputy to that office.

Cabinet Secretariat

The Cabinet Secretary and the Cabinet Secretariat should be dedicated to the service of the collective Cabinet. The Secretary to the Cabinet would be the senior civil servant responsible for ensuring that all Departments understand the collective will of Cabinet. The Cabinet Secretary must also take action to clear up any differences or misunderstandings about interpretation of a Cabinet decision which might arise between a Deputy Minister and his or her Minister, between two or more Deputies, or between Ministers. This is a highly sensitive and critical role.

The Cabinet Secretariat should collect and house, in one location, all Cabinet support staff. Rather than a number of small secretariats, an enlarged Cabinet Secretariat should provide support to Cabinet and **all** sub-committees of Cabinet which may be created (except FMB). Whether Cabinet chooses to consider matters directly or delegate them to a permanent or special sub-committee for review and recommendation, the Cabinet Secretariat should provide support to this decision-making process. The Cabinet Secretariat should also provide a unique talent pool for the **GNWT**, and should be used more frequently to accommodate senior level personnel attached to high-priority, temporary assignments. The Cabinet Secretariat would also house the "Implementation Group" for the Community Transfer Program.

In the case of the Regional Directors, the RDs are an essential information link between the central agencies, and the field level where programs and services are delivered. These positions should be retained and strengthened for their coordinating and on-site evaluation roles, and should report to the Cabinet Secretary, rather than to the Government Leader. (See also Chapter 4).

Managing The Business of Cabinet: Crowded Agendas And End Runs

In addition to a new and stronger “structure” of central authority, the Project Group also believes there is a need to tighten the “process” by which Cabinet business is managed.

In some cases, proper process is not being followed. For example, when a Minister wishes to engage in a new initiative that Minister is required to prepare an “options paper” outlining what is proposed and why. The options paper is reviewed by Priorities and Planning Committee for legal, policy and priority considerations, the best option is decided and the paper is returned for further workup. The selected option is again reviewed by Priorities and Planning Committee and then the paper is sent to Cabinet for a decision. If Cabinet agrees that the submission is in the best interests of the Government, the decision is passed to the FMB to determine the financial impact of the decision. Conversely, if the Cabinet disagrees, then the submission is rejected.

Such a process needs to be followed explicitly in order to ensure that the proper reviews are carried out prior to submissions appearing before Cabinet. In many instances, “end runs” or “walk-ins” to the Cabinet meetings are bypassing the review processes and decisions are being made with little or no consideration of the policy, priority or resource (finance, material, human) impact on the decision.

Additionally, a review of the agendas of Cabinet sub-committees indicates that some of the items are considered many times by the Ministers sitting on separate committees, while others concern matters that might be more expeditiously handled by the departments. The level of detail in some of the items discussed would be more appropriately dealt with by managers in departments, under broad policy direction approved by the Cabinet. As an added frustration, agenda items are appearing at Cabinet meetings that are simple housekeeping items and should have been handled by the bureaucracy at the outset. Items of this kind, especially when they crowd out more important issues, erode the integrity and effectiveness of the Cabinet decision-making process.

To curb these problems the Project Group believes there is a need to:

- empower the Secretary to the Cabinet to screen, vet and manage the agenda of the Cabinet and its sub-committees under the direction of the Government Leader;
- eliminate the “end runs” to Cabinet and its sub-committees which bypass the appropriate screening and review processes.

Conclusion

The ability of an organization to achieve its goals and objectives depends, in the final analysis, on the effectiveness of its organization for decision-making.

The development of unified Cabinet authority served by a more powerful central machinery, is absolutely essential in order to contain costs. The plans and proposals of separate departments must be marshaled in the same direction and monitored carefully. Strengthening the roles of the central machinery is a critical first step towards making the GNWT operate more efficiently, and obtaining better value from resources.

Accordingly, the first and most essential step in the restructuring of the GNWT is to rebuild the key parts of the central machinery. This is a primary element in achieving the benefits from consolidating the various departments, and means rearranging some of the reporting relationships, reducing the number of secretariats, and providing the analytical and administrative support required to ensure the dominion of the collective will of the Cabinet. A four-part plan of central machinery is recommended, including the Department of Finance, Financial Management Board Secretariat, a Cabinet Secretariat, and the Office of the Government Leader.

The central machinery of government, the staff to the key Cabinet committees, needs to be sufficiently empowered to be effective. These are the most important staff groups in the government. They serve the collective Cabinet responsibility and work to ensure that Cabinet priorities are paramount. They are the personnel who must help Cabinet, preserve **fiscal** integrity. This requires power and discipline in relation to departmental staffs. These secretariats must be highly capable. The very best public servants must occupy positions of leadership in these secretariats and they must have the confidence of Cabinet as a whole.

At the same time, to be efficient, operating departments must be given more freedom to manage their resources and responsibilities, within a framework of clear central Cabinet direction, without detailed intervention by the FMBS or Cabinet Secretariat. A stronger central machinery which facilitates clear Cabinet-determined general goals and policies, must be extremely sensitive to the needs of Departmental administration. Without freedom to manage, operating departments cannot be efficient. Without efficient operating departments the GNWT cannot succeed.

PART III: SERVICE DELIVERY

CHAPTER 7: INTRODUCTION

The GNWT is currently organized into 17 departments and has also established a number of agencies including the Northwest Territories Power Corporation, the Northwest Territories Development Corporation and the Northwest Territories Business Credit Corporation. Approximately half of these departments and corporations provide services to other departments or other levels of government or the public at large. The terms of reference directed that the review be limited to the following service delivery components:

- Service Department Structure
- Asset Maintenance (Systems and Procedures)
- Personnel Management (Systems and Procedures)
- Capital Project Standards, Management and Delivery

Subsequent reviews with the FMB resulted in sharpening the focus to those issues featured in this part of the Report - leading to the identification of opportunities for cost containment in the following:

- Chapter 8: Service Department Structure
- Chapter 9: Personnel Management
- Chapter 10: Capital Projects and Asset Maintenance Management
- Chapter 11: Energy Supply and Demand in the Northwest Territories - a case for containing costs

The research and analysis conducted by the Project Group resulted in the identification of numerous opportunities that could result in significant cost savings for government. These potential opportunities are described in the following sections.

CHAPTER 8: SERVICE DEPARTMENT STRUCTURE

A. GENERAL OBSERVATIONS

The following departments and agencies provide services to either other government departments or the public at large: Public Works, Government Services, Transportation, Northwest Territories Housing Corporation, parts of the Department of Finance (Accounting Services), Personnel, Justice (Legal Services), and Culture and Communications (Printing Services).

This GNWT “service” department structure is reflective of the federal and some provincial government structures. In addition to providing services, the service structure has been assigned, from time to time, some policy and regulatory development and central functions.

The Project Group, in the course of its review, made the following general observations.

- The optimum number of departments, required to provide cost-effective service, will vary depending on the number of citizens and communities served and the range of services provided. What makes sense for the federal Government or larger provinces, does not necessarily make sense for a jurisdiction of 55,000 persons. Newfoundland, Yukon and some of the smaller provinces have fewer service departments than does the GNWT.
- Each department has its own management and administration at the headquarters and at the regional or area level. In addition, they have supervisory personnel in many of the communities. By consolidating two or more departments, it will be possible to reduce some of the management and administrative staff.
- The acquisition of goods and services, in many cases, is more complicated and time consuming than it need be. For example, departments requiring equipment develop the specifications, then must utilize the services of a buyer in the purchasing agency (another department) who frequently is not familiar with the equipment and must depend on the user to inspect and verify conformance to specifications. The integration of supply services, vehicle management and contract tendering within a single service department would serve to streamline the operation, reduce costs and provide for greater job satisfaction.
- Similar opportunities exist for integration of engineering design and drafting services, project management and contract supervision, maintenance management and field maintenance, staffing and personnel and planning functions.
- The Petroleum Products division of Government Services should be combined with the Northwest Territories Power Corporation, resulting in joint-use of tankage, facilities, inventories, management and supervision. This would facilitate additional economies and cost recoveries.

- There is some evidence that the service departments have assumed too much in the way of **pre-emptive** control responsibility - at the expense of providing least-cost service to clients. A strengthening of the **client-service** department relationship utilizing a “marketing” orientation is suggested. In addition, a strengthening of service department accountability to Cabinet is required.

More specifically, the Project Group recommends considering the following:

- The Northwest Territories Power Corporation assuming responsibility for the distribution of petroleum products.
- Consolidating related classes of service (i.e. project management, engineering and design, etc.).
- Further shifting of **pre-emptive** controls to accountability controls wherever possible.
- Strengthening the client-service orientation of service departments through more of a “marketing” approach.

B. SUPPORT SERVICES

The Project Group, in the course of its review, made the following general observations:

- Regional/Area Finance offices require over 40 PYs, however, departments at the regional level have, almost without exception, their own Finance and Administration capability;
- Delegation of staffing and employee services from the Department of Personnel to departments would be in keeping with the theme of enabling managers to control the factors that affect their performance;
- The dramatic growth in the use and application of microcomputers and high degree of interaction between “mainframe” systems and microcomputer systems has occurred in the absence of an information management strategic framework.

More specifically, the Project Group recommends considering the following:

- Delegating payment authority to departments in the regions.
- Delegating staffing and employee services functions to departments and consolidating corporate human resources functions in an expanded Financial Management Board Secretariat.
- Locating central administration of employee benefits in the payroll section, and transferring the employee counseling component of Personnel to the Advanced Education division of the Department of Education.
- Establishing a Corporate Information Systems Division within the FMBS to develop an information policy and strategic framework, linking current use of technology and information needs of the various levels of GNWT management.

CHAPTER 9: PERSONNEL **MANAGEMENT**

A. **GENERAL OBSERVATIONS**

Salaries and employee benefits account for one-third of the **GNWT's** annual expenditures (approximately \$350 millions).

Maintaining a highly motivated, well trained and productive public service is the greatest single thing the **GNWT** could do to contain costs and provide good value to the people they serve. It won't happen on its own however; but requires a long term commitment at the top - legislators and senior management - to make it happen.

The Project Group, in the course of its review, made the following general observations.

- The expectations that government has of its departments, need to be clearly enunciated. In turn, departments need to identify how best to achieve these expectations, including an assessment of current human resource strengths and weaknesses and how future human resource requirements will be met. All this must be brought together in a government-wide human resource strategic plan and its related programs;
- Budgets for employee recruitment and certain benefits are located in the Department of Personnel resulting in loss of departmental accountability;
- There is a lack of a coherent training and development approach across government. Succession planning and career planning are informal, at best;
- The **GNWT** has relied very heavily, since its inception, on drawing technical and professional human resources from southern Canada. Salary and benefit levels, while nominally high by southern standards, are driven by the need to attract required resources and the higher living costs in the north;
- Non-native Northwest Territories residents in the **labour** force are almost **all** employed. Aboriginal residents, on the other hand, are disproportionately unemployed. One of the greatest challenges facing the **GNWT** over the next decade, is to address this situation head on; by developing a more home-grown public service;
- In the long term, a more home-grown public service will result in better value for dollars expended (the subject of this Report) through reduced hiring costs and their knowledge and understanding of the territory and its people;
- The **GNWT** can, without difficulty, identify its needs for teachers, nurses, heavy equipment operators, managers, and professionals well into the future. Development of educational and training programs, innovative marketing and scholarship programs designed to attract and stream candidates while in elementary and high school are needed to make it happen.

More specifically, the Project Group recommends considering the following:

- Charging the Human Resources Division of an expanded FMBS, with developing an overall framework for strategic human resource planning and development. The framework should include objectives, processes, criteria and management accountability guidelines. All training and development expenditures should be directly related to this strategy.
- Locating budgets for staffing and maintaining positions in the employing departments.
- e Ensuring greater movement (through career planning or assignments) between regions and headquarters, central agencies and line departments.
- Strengthening links between current performance and compensation.
- Ensuring that compensation mixes are in the form most desired by, and most likely to motivate employees.

The Project Group, early in the course of its review, realized that communities and the community representatives participating in the Project Group held strong views and perceptions on the subject of Affirmative Action and a representative public service. It was felt critical that these views and perceptions be expressed. The following section presents this analysis and perspective.

B. A HOME-GROWN PUBLIC SERVICE

This section will deal specifically with a discussion of possible means of increasing the number of indigenous aboriginal northerners (IAN) in the public service. It does not address all target areas of the Affirmative Action Policy (AAP). It is also worthwhile to note that a more statistical approach to this discussion would have been desirable but much of this information is not readily available.

Introduction

The GNWT public service has grown from a plane load in 1967 to approximately 6,200 today (including boards and agencies). This phenomenal growth in the size of the bureaucracy is indicative of the increased authority and responsibility handed down from the federal government to the GNWT.

Although the majority of the 55,000 residents of the Northwest Territories are aboriginal and a majority of the Legislative Assembly are aboriginal, this is not so for the public service. The size of the bureaucracy has grown dramatically over the years; however, the aboriginal component has not increased proportionately.

The **GNWT** has recognized this shortfall and over the years has attempted to increase the number of northerners in the public service. Generally, their attempts have lacked success in attracting significant number of aboriginal northerners to the public service. Also inherent from earlier government experience and an inhibiting factor that prevented too much interest by aboriginal northerners was the instilled attitude that “government is here to look after us.” As residents became more **educated**, however, interest increased and more residents attempted to join the public service. Their initial opportunities were limited to community positions such as DPW maintenance and Social Services workers. It should be noted that community workers have carried out these functions with a high degree of proficiency. **As** the bureaucracy continued to grow, however, numbers increased in the regional centres and headquarters while the predominantly northern community **workforce** remained constant.

In 1986, the **GNWT** implemented an **AAP** which targeted aboriginal employment in the public service. This was an initiative backed by a government policy which gave qualified aboriginal northerners first chance at government positions. The **AAP** was expanded in 1989 to include, in addition to indigenous aboriginal persons, resident women, resident **disabled** persons **and** indigenous non-aboriginal persons. Under the **expanded** policy, the statistics look great for the government but they are distorted in the sense that the primary target group is not increasing proportionate to the rest of the public service.

Key Issues

The following issues demonstrate a need to assess the **GNWT's** performance with respect to aboriginal numbers in the public service. Communities perceive the government to be lacking in initiative and commitment to develop achievable goals and the following reasons reinforce their perception:

- amount of dollars spent on southern hire;
- under-representation of IAN in the public service;
- the failure of government's Affirmative Action Policy for aboriginal residents;
- lack of qualified aboriginal candidates;
- community perception of government;
- high staff turnover and an immobile community **workforce**.

Challenges

To address these key issues the following challenges have to be met:

- reduce southern hire costs, through “home-grown” hiring approach;
- develop better Affirmative Action programs;
- improved education systems at all levels to develop a pool of qualified people;
- design more flexible approaches to employment;
- change community perception of the **GNWT**.

Background and Findings

In discussions with government bureaucrats, individual affirmative action employees and community residents, it becomes evident that the **AAP** is not meeting their expectations. Community residents expressed frustration with the inadequacies inherent in the system that prevent residents from joining the public service. Public servants who obtained their position as a result of qualifying under the **AAP** are not provided with guidance and/or moral support to do a good job; in other instances, employees were put into positions that they were incapable of handling. In both cases, employees became discouraged and quit. There is no attempt to make these new employees a “part of the team”. Rather, they were left to fend for themselves in an uncaring environment.

Other factors identified by community residents and the Executive Director of the **Inuit Cultural Institute** are that **IAN** lack a sense of motivation to succeed, have low self esteem levels and are in a constant identity struggle. Native people have been thrust into the 20th century with no real time to adapt to the phenomenal changes in their lives and this transition is constantly impacting on their lives and their ability to succeed in the present day. **ICI** said that the **GNWT** and especially the educational system does not recognize this and no efforts are made to design programs that might recognize the problem and come up with innovative solutions. **ICI** pointed out that our greatest asset, our elders, are not being used in the education of children and the education of transient southern workers.

The greatest problem preventing northerners from entering the **labour** force was identified as being low educational levels. The educational system is not producing enough graduates and there are far too few that pursue secondary education. Aboriginal children lack the motivation to succeed resulting in failure in the white man’s world and also failure in his own traditional world.

Finally, community residents expressed frustration with how they perceive the bureaucracy to be lacking a commitment to the north and that they were here for the money and only the money! Their perception is that some bureaucrats feel threatened by energetic northerners as they pose a threat to job security. A more fundamental problem, however, is an overbearing bureaucracy whose attitudes pose a major barrier to attracting **IAN** into the public service.

Assessment of Findings and Discussion of Implementation Options

The general consensus among community residents was that it is in the government’s best interest to increase the number of northerners in the public service. In the long term, it would save the **GNWT** money as their dependence on costly southern recruitment would lessen. The **GNWT** has to take inventory of the public service, determine the areas of greatest need, design innovative training programs and staff those positions with northerners.

Arctic College has many successful training programs; namely Renewable Resource Management, Social Services Training, Community Administration, Community Recreation Leadership, Secretarial Arts, Heavy Equipment Operator, Housing Maintenance and (to a lesser degree) Teacher Education Program. These diploma courses have provided the training and on-the-job experience necessary to staff most community positions with qualified northerners and communities dependence on southern recruitment is minimal. However, **there** is a **need** for more northern teachers and an aggressive campaign has to be mounted to attract more northerners into that field. The government has done a very commendable job in providing the communities with the necessary training to ensure that qualified local people hold all local positions. The emphasis should now be focused on providing innovative training programs for government positions. It makes sense that training initiatives that have a demonstrated success for communities should now be geared to providing training for government positions such as program officers, project officers/managers, management training geared to superintendent level positions, economic development officer training, personnel management training, community planning, etc. Resources only need to be **re-directed** from those existing programs that may no longer be required (e.g. Renewable Resources). If government were to do some innovative planning in the area of training northerners for specific needs, more jobs would be **filled** by qualified northerners.

Life skills have to be introduced into the school system and become a compulsory component of the daily curriculum. Life skills should include self esteem building, drug and alcohol awareness, cultural enhancement, etc. The use of local elders to assist in the delivery of such programs would be mandatory. The outcome would be a student who is self confident, proud of his identity and motivated to succeed in today's world. A successful example to illustrate this point is the **Inuvialuit** Drummers and Dancers program. When **Inuvialuit** elders began teaching drumming and dancing in late 1990, interest mushroomed in all age groups and for the first time a sense of intense cultural pride was experienced by all **Inuvialuit**. The key to success in educating our youth is a strong pride in one's self and one's culture.

Community residents also expressed concern over the low number of graduates from territorial schools. A concerted effort by education boards, government and parents must be made to combat this problem. Innovative "stay in school" programs have to be developed and implemented to keep students in school to complete grade 12. There should be attempts to further instill cultural values into the education system; to equate culture and heritage with literacy and education. This may require a renewed effort to get more northern curriculum into the schools. If young people identify with the programs in the educational institutions, chances are that they will stay longer and graduate. In addition, during the current economic downturn in the Northwest Territories, efforts have to be made to bring adults back to school to complete grade 12. Utilizing CEIC funds, many young adults could achieve their grade 12 in two or three years making them qualified for an entry level position with the **GNWT**.

There is no indication that the Government has ever considered any innovative approaches to work schedules. Oil companies in the **Beaufort** pioneered this approach in the mid-1970's and it proved to be a success. Essentially, it involved a flexible work schedule that allowed for extended periods of time off throughout the year during traditional harvesting periods. Not only did this provide for the pursuit of traditional hunting and trapping by the employee but it also created a casual term position for another person. This job sharing arrangement worked very well.

Innovative approaches can also be used for seasonal construction projects. The **NWTHC** participated in demonstration projects in four communities in the past five years where local workers were hired, provided with training by journeyman carpenters and constructed housing units. The projects were considered a success because they were within budget, provided for maximum local involvement, taught building skills and most importantly demonstrated that given the proper resources, communities can build their own houses. The only "outside" workers were the carpenter supervisor and the tradesmen for mechanical and electrical. The biggest benefit was that wages earned stayed in the communities, local businesses were supported and residents were involved in improving their communities.

Communities view the **GNWT** as a large white government far removed from them. This preoccupation with big government makes it difficult for community members to comprehend what government does and who makes it up. To address this misconception, government must make a concerted effort to educate communities about the **GNWT**, its programs and services, and more specifically, that approximately one third of the public service is aboriginal. This educational process might help to make government more accessible to community residents and less foreign to them. With increased responsibilities transferred to community governments, these perceptions will change and residents will have a better understanding and appreciation for the **GNWT**.

Community residents are not mobile and as a result there are high unemployment levels in smaller communities. There are qualified northerners who are chronically unemployed because they will not leave their home community. Government recognizes this problem but has not come up with any innovative approach to deal with the problem. An option to consider to employ more community residents is job sharing using a fly-in-fly-out rotational work schedule. Oil companies in the **Beaufort** use this rotational system and community residents have adapted readily to working this way. As well, mining companies like Echo Bay at Contwayto Lake fly crews on rotation in and out of **Coppermine**.

The onus is on the government to come up with innovative solutions to increase northern employment. A good start would be to do a complete human resource inventory; to assess where training programs are required and feasible to train northerners and to design and implement such training programs. Arctic college should work cooperatively with government to plan required courses from needs demonstrated in the **ENTER**.

Many recommendations have been made in past government reports and studies that addressed means of increasing aboriginal numbers in the public service. There has **been** some attempts to achieve results but generally these attempts have been unsuccessful and not aggressively pursued. The following recommendations, if actively pursued by community residents, should result in improvements in numbers of IAN in the public service. As **well**, community residents would be taking an active and contributing role in determining their future. Some of the recommendations from prior reports are outlined below:

- Implement into the educational system a culture based life skills component using elders as role models. Life skills should concentrate on self esteem, cultural pride, motivation and for high school, job development/pre-employment training.
- Increase funded adult education seats in all communities to enable adults to actively pursue higher academic standards. Life skills should be a vital component of adult upgrading.
- Expand “in service” training programs for those qualified northerners who wish to seek a career in the public service. Ensure that jobs are not “over classified” for community residents.
- Innovative work schedules/job sharing should be introduced to draw qualified residents from the communities into regional centres and headquarters. Schedules should recognize and allow for the continued pursuit of traditional activities.
- A mentoring/tutoring program should be developed and implemented by local education councils to provide guidance, support and motivation to students to complete their education (e.g. Inuvialuit Tutoring Program).
- Government, construction companies and communities should continue to work cooperatively to ensure that construction **projects** provide maximum benefits to communities. As demonstrated by the Rae Lakes airport project and NWTHC Demonstration Projects, the success lies in adding a training component to the project which enables local residents to gain skills for future activities. Additionally, most financial benefits stay in the community to support the **local** and northern economy.

These previously documented recommendations, if followed through to fruition, would greatly enhance community residents’ employability with the **GNWT** and make them better prepared to become equal and meaningful participants in the developing north.

Following are examples of short, medium, and long term training opportunities that could provide qualified employees to the **GNWT**. Government should set targets on each area of need, provide the best educational opportunities, and most importantly, provide a support system that would ensure success.

Significant Opportunities for Progress
(In Addition to Other Worthwhile Initiatives Currently Undertaken)

Example Initiative 1. Short Term	Objective	GNWT Action	Results
Community Construction Projects	<ul style="list-style-type: none"> - to maximize the numbers of local construction jobs - target 20 communities with 10 jobs per community - produce one qualified construction Foreman/Supt. per community every five years - to develop skilled and semi skilled construction workers 	<ul style="list-style-type: none"> - build on NWTHC and DPW construction projects utilizing a qualified construction manager in each community - provide training programs to develop appropriate skills - provide incentives to complete training program 	<ul style="list-style-type: none"> - a community inventory of skilled and semi skilled construction workers - a feeling of having contributed to the well being of the community - personal growth and development of healthy work habits - less dependence on transient workers - a qualified superintendent in every community
2. Medium Term	Objective	GNWT Action	Results
teachers	<ul style="list-style-type: none"> - to generate 25 TEP graduates year in the Northwest Territories by 1995/96 - to produce 10 BED teachers a year by 1995/96 - to increase the number of Northwest Territories high school graduates by 25% by 1995/96 	<ul style="list-style-type: none"> - to initiate an aggressive campaign in Northwest Territories high schools to recruit teacher trainees (using role models) - to encourage and require Teachers in Training to obtain an Northwest Territories teacher certificate - to provide training courses to Teachers in Training in various locations other than the main campuses - GNWT to make this a priority in educational planning 	<ul style="list-style-type: none"> - better representation of native teachers in Northwest Territories schools - less dependence on southern recruitment - a sense of ownership and pride in the community education system - more culturally relevant education

3. Long Term	Objective	GNWT Action	Results
Management Development	<p>to generate 10 university graduates per year in management by the year 2000</p> <p>to provide trained leadership for the Northwest Territories</p>	<ul style="list-style-type: none"> - initiate an aggressive campaign in Northwest Territories high schools to recruit and support university management trainees - provide incentives such as summer employment and experience - provide public recognition to students and graduates as potential future leaders of the Northwest Territories continually nurture potential management material for success utilize cultural components in management training 	<p>increased representation of IAN in Senior Management and GNWT leadership</p> <ul style="list-style-type: none"> - "made-in-the-north" government - pride and ownership in government resulting in more effective delivery of programs and services - less dependence on southern recruitment

Conclusions and Recommendations

The government has made much progress since 1967 to employ northerners in the public service and some unique training programs have had very good success. The opportunity **and** challenge is to now capitalize on the successful programs using innovative and dynamic approaches to plan for the future. Clearly, the goal is to increase the northern content of government by addressing the barriers that prevent a successful transition from the communities, through the educational system and into a career with the **GNWT**. Government should look at how native organizations, such as the **Inuvialuit Regional Corporation**, have implemented successful strategies to recruit, train and maintain high numbers of aboriginal residents in the **workforce**. **Highly visible in IRC** is a sense of pride and ownership and employees display a sense of confidence working in a healthy environment, The **GNWT** should strive to achieve similar results.

More specifically, the Project Group recommends considering the following:

- Linking affirmative action initiatives with school programs.
- Identifying the “main chances” for significantly improving short, medium and long term participation of aboriginal northerners in the public service. Establish long term objectives, allocate resources and assign Ministerial responsibilities and accountabilities for making it happen.

CHAPTER 10: CAPITAL PROJECTS AND ASSET MAINTENANCE **MANAGEMENT**

The capital program managed by government service departments in 1991-92 is expected to be \$190 million in value, including the CMHC housing component. The annual related Operational and Maintenance outlay is in the same order of magnitude. Current asset replacement value is estimated to be in the vicinity of \$2 billion. As the asset base grows, long term **O&M** costs associated with these assets continue to increase accordingly.

The service departments assigned responsibility for managing these activities act as the owner's representative, performing the important functions of project and property management.

There are four categories of cost-containment opportunity available to the government and those departments involved in building and maintaining public facilities:

- capital planning (program and project definition);
- project design;
- construction;
- operations and maintenance.

The strengthening of client-service department relationships and accountability to Cabinet, should focus on these cost-containment opportunities - identifying what the service departments and their client departments intend to do to obtain better value for public expenditures.

The Project Group, in the course of its review, made the following general observations.

- Considerable progress has been made in providing basic infrastructure to the towns and hamlets of this vast northern territory - approaching that enjoyed by similar-sized communities in southern Canada;
- Legislators, government officials and community leaders are less than satisfied with the current capital planning process. A capital allocation strategy employing the "envelope approach" was employed in 1990-91 which could serve to help in **priorizing** the use of scarce capital dollars, over time;
- As basic needs are satisfied and brought up to southern Canadian standards, there is more potential for community input and decision-making regarding "discretionary" public infrastructure;
- Capital (funding) allocated through the "department" structure **can result in** overspending in some areas and underspending in others from a community perspective. Greater local control of limited funds would tend to minimize this.

Specifically, the Project Group recommends considering the following:

Changing the Capital Planning process to:

- Make the government's approach to a community more cohesive, i.e. one point of contact;
- Establish a partnership where-in the community has greater choice within a block of funding, and the government provides advice, guidance, and delivery services in preserving its long term interests;
- Allow communities to mix capital and O&M;
- Establish three year (minimum) capital thrusts, and discipline (i.e. minimize changes);
- Avoid GNWT capital projects being more lavish than projects approved through community block funding;
- Maximize communities' ability to contribute through revisions to the Municipal Capital Assistance Policy.

Establishing a cost and benefit methodology for reviewing and updating capital standards and criteria.

Requiring examination of other options, such as joint use of existing facilities, in approving infrastructure requirements.

Revising the" (long term) Capital Needs Assessment to reflect changes to the capital standards and criteria, and integrate into the capital planning process.

In approving projects, observing the requirement for scheduling to allow proper planning and coordination of all activities, including preparing local resources for training and employment.

A. PROJECT DESIGN

- There is a perception that design standards for certain GNWT facilities are too rich, or that inappropriate selection of equipment (for northern, remote locations) is being made. While this may have occurred in the past, the development and maintenance of a professional cadre of in-house and consultant expertise with northern experience will serve to contain problems in the future. Greater collaboration between the service department and their client departments in addressing "how" future life-time costs of facilities can be reduced or contained, will overcome many of these perceptions;
- The Northwest Territories Housing Corporation is currently examining ways to reduce construction costs by \$10,000 per unit. They will be challenging their current design approaches to mechanical systems and building envelopes amongst others, to find less costly solutions to meet current requirements;

- Considerable progress has been made in standardizing design for elementary schools. Since 1985, 17 schools have been built and an estimated \$5 million has been saved through use of this standardized design;
- As programs and designs become more standardized each repeat project will require less design effort and expertise (and less reliance on outside consultants).

More specifically, the Project Group recommends considering the following:

- Encouraging service departments to examine design standards, reducing them where possible, and to maintain or improve life-time cost economies.
- Encouraging program departments to revise standards and criteria to facilitate design standardization.
- Continuing to make cost effective purchased vs in-house design decisions.

B. PROJECT MANAGEMENT

- Project managers must play an important coordination role; advising their clients (program managers) how their requirements can be met and, upon approval, manage the project through to completion;
- In assisting program managers to live within tighter funding envelopes, project managers must present options such as reducing program and design standards, leasing versus owning, or joint use of existing facilities, and identify long term cost and risk implications. In the absence of such a relationship some departments have chosen to proceed with capital projects on their own. This can result in costly mistakes and poor value for monies expended.

More specifically, the Project Group recommends considering the following:

- Strengthening the client-service orientation of service departments.
- Encouraging GNWT departments, boards, and agencies to utilize service departments for the management and/or design of capital projects - thus reducing the risk of costly mistakes.

C. CONSTRUCTION

- Construction is that part of the project cycle during which the bulk of expenditures are incurred. Problems experienced at this stage, however, are often the result of errors in judgement made during the earlier stages of the project. Thus, the capital planning, project planning and design stages are critical to ensuring a problem-free, efficient construction phase. Project managers are responsible for ensuring that the selected contractor delivers the project "on-spec" and "on-schedule"; construction inspection is critical so that the contractor does not bury his mistakes;

- The presence of a vital network of efficient and innovative suppliers, subcontractors and general contractors is paramount in delivering the **GNWT's** capital program in an economical manner. This, along with the openness of the tendering process, can have a significant impact on the costs of construction; perhaps by as much as twenty percent of project costs;
- Northern preference policies have no doubt been instrumental in fostering the location of contractor and supplier permanent offices premised in the north. There is no evidence that they have been instrumental in creating local jobs, since it is in the contractors interest to utilize local people who are **interested** and capable of working; thus avoiding the cost of bringing people in and paying living expenses. While a cursory review of recent awards indicate cost premiums may not have exceeded \$1-\$2 million in recent years, it could cost much more than this in future; with the recent enrichment of **the** program and the heating-up of the construction industry in southern Canada. There is no evidence that legislators have had the benefit of adequate cost and benefit analysis, prior to taking these decisions;
- Contractor bid prices seldom represent the total contractor billings for a project. For many reasons, contractors are authorized to undertake additional work or make changes during the course of construction. These "extra's" are minimized when scheduling allows proper planning and coordination to occur and complete and adequate plans, specifications and contractual documentation are utilized. **"Extra"** costs should be monitored by senior management as part of evaluating project management performance - and where significant cost overruns occur, action should be taken to address root problems.

More specifically, the Project Group recommends considering the following:

- Establishing adequate cost and benefit information, upon which legislators can make informed decisions relating to Business Incentive Policies. If found to be a wasteful drain on the public purse; change or phase out these policies.
- Establishing post-project reporting which identifies problems that may have contributed to inefficiencies and/or increased costs.

D. OPERATING AND MAINTENANCE

- The most direct way of reducing operating and maintenance costs is to dispose of all assets not providing a useful purpose;
- The **GNWT** is shifting, increasingly, to leased premises for certain types of space (offices, staff housing, etc.) where operating and maintenance of the facility is provided by the lessor;
- Current accountability for operations and maintenance of assets rests with service departments, with tenants/user departments having little or no responsibility for what it costs, even though they can influence utility usage, wear and tear, etc. "User-pay" or "User-know" with regard to operating and maintenance costs would provide for a healthier accountability for these costs;

- Failure to identify deficiencies at the completion of construction of a facility, can result in the owner picking up the costs in subsequent years. Not having clear operations and maintenance information for local staff to refer to, or more skilled resources to assist them from a distance (i.e. region or territorial Government), increases the costs of service and inefficiencies in operation. Final inspection with contractors and commissioning of facility (turning over to the client department) are essential steps in containing future O&M costs.

The Project Group recommends considering the following:

- Maintaining regular reporting of use and occupancy of assets
- Disposing of all surplus assets and consolidating tenancy to improve utilization levels.
- Challenging service departments to contain O&M unit cost (e.g. \$1/m²) increases to less than inflation rate. Maintenance Management Systems should be made fully operational as soon as possible and utilized for reporting to senior management and to client/program departments the cost containment targets and results achieved.
- Establishing a self funding energy conservation program (ref. to Chapter 11 below).

CHAPTER 11: ENERGY SUPPLY AND DEMAND IN THE NORTHWEST TERRITORIES - A CASE FOR CONTAINING COSTS

In the Northwest Territories, people require more fuel and the cost of fuel is high in comparison to southern Canada. The same can be said for water and sewage disposal, which often costs more on an annual basis than fuel.

In the course of its review, the Project Group made the following observations:

- As a matter of policy, the GNWT provides subsidies to reduce the costs of fuel and utilities for many of its citizens and businesses. It has done this so well, in fact, that recipients of subsidies do not know what the real costs **are** - and therefore are less inclined to conserve;
- In addition to these subsidies, the government picks up the tab for capital and inventory carrying costs for petroleum products available to off-highway communities;
- In over forty communities, the Northwest Territories Power Corporation requires fuel for electrical generation, and in most of these communities it would be possible to share tankage and inventories with the Petroleum Products Division of Government;
- Current government funded buildings are designed to be energy efficient, although buildings over ten years old may not be. During the period 1980-83 DPW reported that energy conservation programs saved \$11 million. Analysis and results of conservation activities since then are unavailable. The Northwest Territories Power Corporation and the two distributors have made a modest start on promoting energy conservation. Petroleum distributors and water utilities do not view promotion of conservation as part of their mandate;
- Most regulators (Public Utility Boards) in North America insist that utilities take a “least-cost” planning approach to their business. This means that utilities must treat demand side opportunities (e.g. conservation, waste heat utilization) with equivalency to supply side options (e.g. new electrical generation plant);
- Effective energy (and water) conservation programs include:
 - i. information on “how” certain equipment (e.g. block heater timers, or low flow shower heads); building improvements (e.g. additional insulation, weather-stripping); or practices (e.g. move freezer outside in winter) can reduce demand on utilities.

- ii. incentive for all **stakeholders** to participate in the program:
 - end user saving on electrical fuel and water bills;
 - utility saves by being able to delay construction of additional capacity (electrical operator, fuel tankage, etc.) or fuel;
 - societal savings by avoiding waste.
- Due to high usage and high costs, the Northwest Territories has an incentive to become a **conserver** society like no place else on earth. It is estimated that there is at **least** \$5 million/year annual saving potential - based on a 5% reduction of the approximately \$100 million annual societal expenditure (electricity, heating fuels and water);
- The characteristics of a successful conservation effort in the Northwest Territories will be:
 - i. commitment by the **GNWT** to overall goals and assignment of responsibility for the initiative and development of overall strategy (**DPW** has carried this responsibility in the past; **EM&PR** is the more logical locus for this responsibility),
 - ii. Least-cost energy planning adopted, and reinforced by the Public Utilities Board (**PUB**), as a way of life by electrical utilities including the off-highway fuel supply system. (Capture unique opportunity to integrate fuel supply and storage into the utility operation).
 - iii. Consumers must have an incentive to reduce consumption. If subsidization is continued for some under the aegis of social policy, users should be provided with a monthly statement of actual consumption and costs, amount of subsidy and amount payable.
 - iv. Within the overall umbrella of the lead agency (public information and advocacy role), responsibility for in-house **GNWT** programs would rest with the designated service department (currently **DPW**), while the utility suppliers would assume prime responsibility for public programs.
 - v. Costs and benefits at all levels '(by end user, program, department, utility, etc) must be tracked to ensure benefits out weigh the costs. A revolving-fund type of arrangement would permit future conservation programs to be financed by a portion of actual savings in utility bills.

More specifically the Project Group recommends considering the following:

- Having the Northwest Territories Power Corporation, upon assuming responsibility for the Petroleum Products division of Department of Government Services, implement full cost recovery of capital and inventory carrying costs (\$12 -\$15 million per year) and integrate diesel storage.
- Developing policy, strategy and programs to aggressively promote “least-cost supply” and conservation - under the auspices of **EM&PR**.
- Moving to “user-pay” wherever possible and otherwise to “user-know” policy.

PART IV: PROGRAMS AND PROGRAM DELIVERY

CHAPTER 12: INTRODUCTION

The subject of this part is programs and program delivery in the areas of Health, Social Services, Post-secondary Education and Legal Aid.

In the past, the government has made repeated commitments to provide social programs which contribute to the well-being of the north. Social and health services (including public housing) comprise almost one-third of the budget of the **GNWT**, and with the addition of education and justice programs, this percentage of the budget rises to one-half, or over \$580 million dollars, excluding the costs of social programs reflected in service department budgets such as the cost of utilities and maintenance of facilities.

Throughout its work, the Project Group has been aware that the Northwest **Territories** is faced with severe social problems. Its population is young and growing rapidly, while a third of its workforce has an education level less than Grade nine. Residents of the Northwest Territories suffer from widespread unemployment and urgent social problems, such as alcohol abuse and family violence, which are symptomatic of rapid cultural change.

In spite of the government's recent attempts to create a public awareness of the need for restraint, the pressure to enhance existing programs and introduce new initiatives has not abated. The strength of this demand is readily demonstrated by the decisions made by the Legislative Assembly during the 1991 Budget Session. The Legislative Assembly approved numerous new social initiatives, including Northern training programs, alcohol and drug counseling, **arts** and crafts training and journalism training.

But, like provincial governments across Canada, the **GNWT** now faces an unprecedented gulf between soaring demands for program increases, and availability of resources. The **GNWT** cannot continue to increase the levels of service in social programs. In light of the anticipated funding restraints imposed by the federal government, this review of programs and program delivery recommends measures to assist the **GNWT** with the difficult task of reducing and controlling the cost of social programs.

CHAPTER 13: GENERAL FINDINGS AND RECOMMENDATIONS

In conducting the review of programs in the social envelope, some broad themes and trends were identified which have important implications for program delivery in the Northwest Territories in general, and for the government's ability to **control costs while maintaining an acceptable** level of services. These general observations are below, and some general recommendations made.

There are a number of significant broad factors which shape the development and delivery of programs in the Northwest Territories:

- the constraints of the Northwest Territories constitutional, legislative and financial framework;
- the expectations and attitudes about increasing levels of service;
- the tension between access and opportunity versus economy in determining levels of service;
- the evolving nature of the territorial government.

A. CONSTRAINTS OF THE NORTHWEST TERRITORIES CONSTITUTIONAL, LEGISLATIVE AND FINANCIAL FRAMEWORK

The GNWT is constrained in its flexibility to develop, implement, and control its social agenda both by the federal framework within which it operates, and by territorial legislation and policy. All governments are limited to a certain extent by a legislative and policy framework, but the GNWT's ability to make choices is constrained more than other jurisdictions, as illustrated below.

Constitutional and Legislative Framework

Like all other provincial and territorial governments, the GNWT is bound by the Constitution of Canada, which includes the restrictions of the newly proclaimed Charter of Rights. Because the Charter is not yet ten years old, its effect on social programs is not yet clear.

Because the Northwest Territories is not a province with separate constitutional status, but a creation of the federal government, the federal Northwest Territories Act is a second "constitution" of the Northwest Territories. It sets out the powers and limitations of the GNWT to enact its own laws. Naturally, the federal government has the legislative authority to change these powers and limitations, creating a constitutional "supremacy" over the Northwest Territories unlike the constitutional division of powers which exists between provinces and the federal Government.

Like provinces, there are numerous federal acts, such as the Young Offenders Act, the Canada Health Act, and the Vocational Rehabilitation of Disabled Persons Act which dictate standards and programs to the GNWT which are beyond its ability to change. In addition, unlike provinces, there are certain federal acts which govern territorial social programs but which have minor application in the provinces, for example, the Canada Labour Code.

The final and perhaps the most important element of this non-controllable framework is the set of federal obligations and programs which are collectively called “fiduciary obligations”. These include programs delivered by Indian and Northern Affairs Canada (INAC), obligations under the Indian Act, and treaty obligations, land claims obligations, and “aboriginal” rights protected by the Constitution. It is not now, nor will it be in the near future, clear what the breadth and depth of these “fiduciary obligations” are. It is clear, however, that these are obligations which the GNWT cannot change or control.

Unlike the provinces, the federal government devolves programs and responsibilities from time to time to the GNWT. Several of such transfers have taken place in the guise of increasing the responsibility of the GNWT, but are now being interpreted ex post facto by the federal government as transfers of resources to deliver on the federal government’s fiduciary obligations to native people. Examples of this include the Education devolution of the 1950s and the 1988 devolution of drug and alcohol rehabilitation programs.

Canada/Northwest Territories Financial Framework

Unlike the provinces, the GNWT receives more than 70% of its budget through a negotiated formula financing agreement with the federal government. Although over half of the remainder is raised through own-source revenues; much of it comes from other transfers from the federal government (e.g. cost-sharing agreements such as the Canada Assistance Plan, Young Offenders, Legal Aid, Vocational Rehabilitation of Disabled Persons and Established Program Funding). The lack of a tax base in the Northwest Territories precludes the government from raising significant revenue through taxes.

The formula financing agreement is a complex arrangement which guarantees the GNWT gross revenues equivalent to a base calculated some years ago. In some cases, the formula financing agreement may constrain the government’s ability to achieve savings through negotiation of new cost-sharing arrangements with the federal government. This is a constraint which is not experienced by provincial governments.

Program specific cost-sharing agreements also constrain the government’s freedom to introduce changes to levels of service or eligibility criteria, since under the terms of the agreement the government is required to provide certain services to certain categories of people.

GNWT Legislation and Policy

The GNWT is bound by its own legislation, and in some instances may be constrained from implementing certain restraint measures by existing legislation or regulations. For example, the Student Financial Assistance Act provides a legislated commitment to the provision of student financial assistance. Although it is the GNWT's jurisdiction to change legislation, such changes require consent of the Legislative Assembly, which may preclude the implementation of politically unpopular initiatives.

The government can introduce restraint measures through amendments to regulations, all of which can be changed without approval of the Legislative Assembly. For example, levels of social assistance support are established through regulations.

GNWT policies dictating program and service levels can be changed by Cabinet. For example, entitlements to supplementary health benefits are detailed in the Extended Health Benefits Policy, which was approved by and may be amended by Cabinet.

Cabinet is also bound by policies that are established by convention. As noted above, it is established and widely accepted practice to provide **Metis**, and sometimes non-aboriginal residents in some program areas, with benefit levels equivalent to those provided to status Dene and **Inuit** by the federal government. For example, in the student financial assistance program the same level of assistance is provided to all aboriginal students, which includes **Metis**. While this is arguably good social policy, it drives up the costs of social programs.

In conclusion, the GNWT's ability to make choices regarding program delivery is more limited than that of provincial governments, because of the added constraints imposed by the federal constitutional framework, the formula financing agreement, and the delivery on the federal government's behalf of programs to status Indians and **Inuit** based on the fiduciary relationship between status natives and Canada.

One consequence of these constraints is that the government may be forced to make decisions about program cuts or modifications which are not based solely on the identification of government priorities, but are based on what is within the government's authority to modify.

In order for the government to make choices about program reductions, therefore, a careful analysis of all GNWT programs and services to identify which are constrained and which are discretionary is required.

The GNWT classifies programs as "controllable", "semi-controllable", or "non-controllable". Decisions about program modification or restraint are based at least in part on this categorization. The classifications have not been revised since 1983. The Project Group disagrees with the semi-controllable category which blurs the distinction between programs that are statutory controllable and statutory non-controllable.

The government may wish to consider a new system for classifying programs, perhaps relying on the distinction between statutory non-controllable and statutory controllable programs which more accurately reflects their status.

B. EXPECTATIONS AND ATTITUDES ABOUT INCREASING LEVELS OF SERVICE

Several forces serve to focus political pressure on the government to enhance levels of service provided to specific groups, and to Northwest Territories residents as a whole.

Expectations Generated by Federal Fiduciary Obligations to Aboriginal People

The Government of Canada has fiduciary obligations to aboriginal people which are the basis of certain programs. Some of these programs are delivered by the federal government, and some are delivered by the GNWT on behalf of the federal Government. These programs provide a level of benefits to Northwest Territories aboriginal residents which tend to be high in comparison to similar programs for non-natives.

As a result, the levels of service provided to aboriginal residents often determine the optimal benefit levels demanded by the remainder of the population. The level of benefits provided raises the service level expectations of other Northwest Territories residents, and the GNWT is under pressure to extend comparable benefits as widely as it can afford to the whole population.

Expectations Generated by Government Employee Benefits

The benefits received by government employees also raise the expectations of Northwest Territories residents regarding entitlement to benefits. In some sectors of the population, being a member of the territorial public service is a sign of wealth and status, and individuals wish to obtain government jobs in order to access the generous benefits package.

There is also an expectation on the part of many residents that the levels of service provided to the general public through government social programs should be equivalent to benefits provided to government employees. For example, student travel assistance is often compared to the vacation travel benefits of GNWT employees, and it is assumed that they should be the same. Similarly the perception that GNWT employees live in staff housing in communities which is of better quality than the public housing provided to social assistance recipients results in pressure on the GNWT to increase the standards of public housing to an equivalent level.

Expectations Generated by Precedent

The Northwest Territories has generally experienced continual growth and development over the last twenty years. The territorial Government's budget has continued to increase, and major restraint or cutbacks in government spending have not yet been experienced. However, the government has taken measures over the past year to significantly **reduce** person year growth and restrain the rate of expenditure increase. Nevertheless, program cuts or reductions have not been a fact of life in the north as they have elsewhere in Canada.

Expectations Generated by Government Commitments

The **GNWT** is developing and refining the instruments which it uses to express its commitments to the public. Like all governments, the **GNWT** has a wide range of instruments to choose from, including legislation, regulations, policy, and political statements in a variety of formats.

As an evolving government, the **GNWT** has chosen to use policy in areas where most jurisdictions have used legislation and regulations. This is due in part to the fact that policy **can** be changed more easily than legislation, and because the terms and content of a policy are not as binding as the terms and content of laws. However, many **GNWT** policies begin with broad statements of commitment to improve problems. These statements affect residents' expectations of **GNWT** programs and services **because** they are interpreted by the public as commitments to address problems through increased levels of services.

Expectations Generated by Differences between Communities

Residents of small communities **see** the greater levels of service provided in larger communities and expect that the same level of service should be provided in all communities, independent of community size. At the very **least**, if a program is introduced in the west it must also be introduced in the east, and a comparable level of service must be evident in the five regional **centres**. The services available in **Yellowknife** generate the greatest expectations and demands.

Public expectations do not generally take into consideration the cost of delivering some programs in isolated communities, the opportunity to take advantage of economies of scale in larger communities, or the fact that larger communities, notably **Yellowknife**, do not receive **all** their services from the **GNWT**, but utilise a local tax base to provide an enriched education system and recreational facilities.

Such demands are complicated by the reality that the majority of non-aboriginal residents live in the "have" communities, the larger communities, and the majority of aboriginal residents live in the "have not" communities, the smaller communities. The differences in the degree of service level available in smaller communities may have been **interpreted** as discrimination, rather than the result of practical considerations, including economies of scale.

Attitudes Generated by Social Dependence

The rapid introduction and expansion of government services in the Northwest Territories over the past five decades has contributed to dependence on government, and an unrealistic set of expectations on the part of northerners about the role that government can, or should, assume in northern communities. The expectation that government will be all things to all people is exacerbated by the relative lack of a non-government sector, which in southern Canada assumes many of the responsibilities carried out by government in the north.

The attitude of social dependence also affects government program delivery and service levels. Socially dependent people look to government to provide programs to meet their needs, rather than first considering individual or community resources and responsibilities, thus increasing the demands on government resources.

Because of the north's limited tax base and the way in which social programs have been delivered, many residents are not aware of the costs to government of the services which they may take for granted.

In jurisdictions where government revenues depend primarily upon taxes, governments have the option of "billing back" program and service enhancements to residents through increased taxes. This not only provides citizens with a measure of choice - do we want to pay more for better services? - but ensures a level of public awareness about the cost of government programs.

In conclusion, public pressure to continually increase levels of service hinges upon a number of factors. Some of these, such as benefit levels provided to status Indians and Inuit, are beyond the government's control. Others can be addressed through measures designed to increase public awareness and accountability. However, any reduction in the expectations will require the exercise of considerable political will on the part of decision-makers.

The Project Group recommends:

- The GNWT introduce and/or increase the use of co-payments and means testing where possible in the delivery of social programs.
- The GNWT introduce measures designed to increase residents' awareness of the cost of services provided, even when there is no direct return for the government. For example, residents of public housing units should be billed directly for their utilities, and submit the bills to social services workers for payment; rather than having bills submitted directly to the Department of Social Services.
- Decision-makers implement a public relations initiative designed to increase residents' awareness of the costs of government programs and services, and the rationale behind cost containment measures to be implemented by government.

C. DETERMINING LEVELS OF SERVICE - ACCESS AND OPPORTUNITY VERSUS ECONOMY

The enormous geographical area served by the **GNWT**, and the small population scattered over that area, makes all program delivery in the north disproportionately expensive. The government is constantly faced with making the **judgement** call between the need to provide residents with access to an adequate level of programs and services, and the **need** to control costs.

The growth of Arctic College is a good example of the value of access driving program delivery. When the college was **established** in 1987, it was setup as a six campus organization with more than sixty community learning centres, in an effort to deliver adult education programs as close as possible to the home communities of northern residents.

Another factor affecting decisions regarding program delivery is the poor economic base in many communities. Decentralizing program delivery to communities is a way to spread the wealth, bringing employment opportunities and spending power into economically poor locations.

The recent history of the territorial Government, with its steadily increasing revenues, has made it possible for the government to choose access over economy in many circumstances. As noted above, public expectations regarding levels of service have pushed for decisions that favour access. Fiscal restraint will increasingly force the government into a position of having to consider the trade-off between access to services, and costs of providing services.

D. A GOVERNMENT IN THE MAKING

Compared to provincial jurisdictions the **GNWT** has only been in existence a very short time. Aspects of its organization, policies, information base and management systems affect programs and program delivery, and also influence the conduct and conclusions of the Project Group.

Organizational Structure

The **GNWT** has experienced a period of rapid growth and expansion since it was formally established in the North in 1967. The number of departments and agencies has increased, and responsibilities have changed frequently and substantially. In some cases, this rapid development has led to duplication of program initiatives, or division of related **program** areas between departments.

One example is in the area of programs to address mental health and individual well-being.

Some programs are housed in three separate divisions of the Department of Social Services, and others are in the Department of Health. In addition, a territorial advisory board and regional health boards all play a role in making recommendations on, and implementing, these programs. Coordination of resources appears to be minimal. It is not unusual, for example, to hear of a professional specialist in the mental health area from Yellowknife holding a workshop in a community without the knowledge or involvement of regional staff.

This lack of coordination not only wastes resources, but results in a situation where communities may be inundated with workshops, meetings and materials all designed to address related problems but not coordinated at the local level to make optimum use of local resources available.

The review has concluded that better coordination and integration of available resources for many program areas would result in administrative savings, and more effective program delivery at both the territorial and local levels. **Pooling of resources which are now fragmented at the community level would enable communities to more effectively tackle issues of local priority.** Given the size of the Northwest Territories population, the scale of operations does not require two separate departments for delivery of programs in the Health and Social Services area.

Several specific recommendations for integration of related program areas are contained in this part, which address the overlap between Health and Social Services, and the need for integration of program areas now divided between Social Services and Education.

In conclusion, it may be useful for the GNWT to examine more closely areas where two or more programs are providing services of a similar nature to a similar client group. This review was struck in particular by the overlap between the Departments of Health and Social Services in several program areas.

The Project Group recommends:

- The government consider as an early priority the amalgamation of the Departments of Health and Social Services.
- Government initiate a comprehensive review of programs and services not included in this project to identify other program areas where integration may result in more effective service delivery and some savings.

Program Approval, Information Development and Evaluation

There is no formal mechanism for program approval in the GNWT. As a result, programs may be implemented without benefit of Cabinet or FMB review, and without ensuring that a thorough analysis of policy implications and cost implications has been conducted.

One of the basic requirements of effective program management **is** program information. Although the level of detail in program information which **is** monitored and collected varies greatly between programs and between departments, **the Project Group has concluded that essential data concerning program operations and effectiveness is not collected on a routine basis.**

The GNWT has mandated a program monitoring system called management for results; however, essential program information has often not been identified and generally is not available for the review of programs in the social envelope.

The availability of program information has had a major impact on this project's ability to review programs and program delivery. The following are examples of the limitations of program information in the social envelope:

- legal aid - There are insufficient data collected by offense, disposition of offense, year, or counsel fees to enable an accurate analysis of the cost of the program, or the cost savings of capping fees for categories of service;
- medical transportation - There are insufficient data on the breakdown of expenditures for escorts by eligibility criteria and insufficient data maintained on travel warrants to enable an accurate analysis of costs or savings;
- social assistance - On reviewing the possibility of integrating social assistance and employment development, no data were available on social assistance case loads by category;
- health and social services - On reviewing the possibility of integrating specific health and social service program areas no accurate information was available on social service person years and workloads in the regions. The programs in health were incorporated into large budget activities which did not provide the required detailed information;
- Arctic College - The information on student registration has only been standardized for two years and little information exists on graduation and employment upon graduation. As a result no reliable historical student record information exists and too little current information has been collected yet to provide some indication of the relative success or effectiveness of programs. Similarly the cost of individual programs by full-time equivalents is not yet available.

Although program evaluations are not yet systemic, and some indicators are not available, evaluations are completed in the Departments of Education, Health, Social Services and Justice. In the area of post-secondary education evaluation reports are available on student financial assistance, and a variety of Arctic College programs, such as, **teacher education, heavy equipment operator, and public and business administration.** The area of **aged and handicapped** services has been reviewed in the Department of Health, a recent administrative review had been completed for the Department of Social Services and the area of legal aid had also been assessed.

Some departments have initiated program evaluations on an ad hoc basis, and some evaluations have been directed by the FMB. However, most departmental evaluation initiatives are designed to address specific concerns of program managers, and therefore may not produce information required to evaluate overall program effectiveness. As the Standing Committee on Finance noted in its 1991-92 report, program evaluation must form an integral component of the Managing for Results System.

The Project Group recommends:

- A formal mechanism for program approval be implemented. The review process should ensure that cost and policy implications of new program initiatives are analyzed carefully before approval is given.
- Information required for program management and evaluation be identified during the program design process, and collected systematically, to ensure effective program management and assessment for results can be undertaken.
- Systematic program evaluation be mandatory, and that programs be evaluated on a predetermined schedule (e.g. every five years).

Program Management

As noted above, programs to address the needs of one client group may be spread over more than one division, or department, within the government. This situation hampers program managers' ability to manage effectively. One example reviewed by this project is medical transportation, where elements of the program are managed by several individuals within the Department of Health.

There is a trend in other jurisdictions to increase the delegation of accountability to program managers, including overall responsibility for management of the program budget. In order for this to work, of course, there must be a minimum of management decisions overruled by higher levels.

The Project Group recommends:

- Program managers have a substantial measure of control over the decision-making process with respect to their programs.
- Administrative case decisions be made by program managers within approved regulations or program guidelines
- Management of diverse program elements be consolidated under one program manager and administrative unit
- Performance appraisals of program managers include management of the program budget.

Taking Optimum Advantage of Federal Cost-sharing Opportunities

There may be a number of cost-sharing opportunities available through federal programs that the **GNWT** is not accessing. For example, cost-sharing of support to disabled adults in residential facilities is available through the Canada Assistance Plan.

The Formula Financing Agreement with the federal Government provides a framework for negotiation that may not penalize the **GNWT** for participation in new cost-sharing programs introduced by Canada after the initial negotiation of the formula, that is, revenues earned through participation in such programs will not be deducted from the **GNWT's** grant.

However, the agreement is silent on the **cost-shareability** of programs in areas where the federal Government had a cost-sharing program in operation prior to the negotiation of the formula, but the **GNWT** did not participate, either because there was no territorial program or because the territorial program did not meet federal cost-sharing criteria.

The Department of Finance cannot provide a definitive read on the **cost-shareability** of programs in this "grey area". Such programs may well qualify for cost-sharing, but each would have to be negotiated separately with the federal Government.

Program departments do not appear to be working in close coordination with the Department of Finance in the development of program criteria and identification of negotiating strategies with the federal government, to ensure that optimum advantage is taken of every cost-sharing opportunity.

The Project Group recommends:

- A specific staff function within the Department of Finance be assigned responsibility for identifying potential federal cost-sharing programs, working with departments early in the design of program criteria to take optimum advantage of cost-sharing opportunities, and cooperating with departments on federal/territorial negotiations regarding cost-sharing on specific programs.

CHAPTER 14: **OVERVIEW OF PROGRAM - SPECIFIC FINDINGS AND RECOMMENDATIONS**

The Financial Management **Board** directed that this review generate recommendations which would:

- identify opportunities for improved efficiencies through restructuring, reorganization or integration;
- identify savings to be achieved through modification of benefit levels or eligibility criteria without compromise of basic program objectives;
- identify ineffective programs;
- identify means to better focus programs on core needs.

The review of the social programs area has concentrated on the first three areas identified. “Better focus” of programs on core needs has been an implicit element of the review approach and is reflected in all the recommendations.

The recommendations below are illustrative of more sweeping cost containment measures that could be implemented within the **GNWT**, if a similar review were undertaken for all program areas. It should be emphasized, however, that the recommendations are not provided simply for the purposes of illustration - all are feasible, and all could be implemented. However, none of them represent easy political choices, although the alternatives brought on by fiscal restraint will not be any easier, or any more popular.

It should also be noted that the primary focus of this review of social programs has been an assessment of potential areas for short-term savings or cost containment. This is a difficult but necessary task in times of fiscal restraint, but it does not necessarily lead to more effective programs. Given the social challenges facing the Northwest Territories - including the high and increasing rate of dependency on social assistance, the school drop-out rate, and the lack of employment opportunities in many communities - sweeping and innovative changes in the social program area may be required. The program modifications proposed in this Report will not accomplish this, although the recommendation regarding integration of social assistance and employment development programs represents a first step. On a more positive note, the savings and cost containment measures proposed in this Report may provide the government with the financial flexibility to implement innovative social initiatives in the future.

The review of social programs in the **GNWT** included the programs of the Departments of Health and Social Services, the legal aid program in the Department of Justice, the advanced education programs in the Department of Education, and the programs of Arctic College.

Although social housing programs and housing in **general** were not within the scope of this review, some observations regarding housing subsidies are appropriate. A major proportion of the territorial budget is dedicated to subsidizing housing through a variety of programs, for example:

- The projected rental costs for social housing for 1990-91 are \$61,861,500. These costs are not included in the Department of Social Services budget; if they were, the cost of social assistance to the **GNWT** would be approximately triple its present level;
- The government spends \$66 million to subsidize staff housing, of which only \$15 million is recovered through rents;
- Fuel costs are subsidized through social assistance, and through the Fuel for Seniors Program at an annual total of \$466,000;
- The **GNWT** also spends \$3 million on **electrical** power subsidies.

When the total cost of housing-related subsidies is added up, it represents more than 12% of the territorial government's budget. (see Appendix 12)

The recommendations of the review are divided into three categories:

- Program integration and restructuring;
- Program modification;
- Program excision or reduction.

The recommendations in all three categories, including recommendations regarding excision or reduction, ensure that the recognized needs of client groups will continue to be addressed. Excising certain programs may mean that only needy clients will receive the benefit or service, or that clients may refer to another program which already exists within the **GNWT**. The fundamental integrity of the social program **envelope** is not jeopardized by the recommendations in this Report.

A. PROGRAM INTEGRATION AND RESTRUCTURING

In areas where overlap of responsibilities or duplication of services for similar clients has been identified, recommendations have been developed to integrate and coordinate program delivery. Program areas with potential for integration include:

- mental **health** and the well-being of individuals/communities;
- services to special target groups;
- social assistance and employment development.

The proposed integration of programs will not yield significant savings. (If recommendations regarding all three program areas are implemented, total savings realized could be in the area of \$350,000.) However, it should result in increased efficiency, leading to a reduction in the escalation of program costs, and increased effectiveness; that is, better service to client groups.

As stated earlier, the Project Group was limited in its ability to analyze potential savings because of the general lack of available information in the social program area.

B. PROGRAM MODIFICATIONS

Escalating program costs in some areas of the social envelope have been attributed to increased volume of demand. However, benefit levels and eligibility criteria for many of these programs are entirely controllable. The review has identified several programs where benefit levels and eligibility criteria can be managed so that program expenditures are reduced, maintained at current levels, or so that fewer people are eligible for services, without affecting the integrity of the program.

For example, an analysis of the Medical Transportation program revealed that a significant proportion of the travel budget is spent on travel for non-medical escorts; and that the user fee ("co-payment") has not been increased since 1976, despite significant increases in air fares during that same period. Increasing the user fee, and tightening up criteria for escort requirements, could result in significant savings, estimated at \$5 million annually.

C. PROGRAM EXCISION OR REDUCTION

The Financial Management Board directed that the review identify ineffective programs. However, determining whether or not a program is effective involves a value judgement. If the determination of program effectiveness is based on the extent to which a program is meeting defined objectives, then a program evaluation is required. It should be noted that program evaluation requires both clarity and consensus on the objectives of a program. Many programs within the GNWT have not been designed with evaluation in mind, and have evolved on an ad hoc basis. Clearly defined objectives are not always discernible.

If a program is judged ineffective, this alone is not sufficient reason to recommend that it be discontinued. The subject matter addressed by an ineffective program may be of great importance, and the solution to ineffectiveness may be program revision rather than excision.

No recommendations in this area have been made based on a judgement that programs were ineffective. Recommendations to excise or reduce programs were based primarily on findings that the programs are not needed (that is, are not filling a need which cannot be addressed by any other program or program constellation in the GNWT), or are benefiting only a comparatively small number of clients relative to program expenditures.

If the **GNWT** is looking for substantial cost savings in social programs some worthwhile programs will have to be modified or cut. To realize cost savings the Legislative Assembly and Cabinet will have to be prepared to establish the political environment within which public expectations can be constrained, and these recommendations can be implemented. This will require a willingness to make hard and unpopular choices, to withstand public pressure in the face of those choices, and to provide leadership through demonstrated willingness to set an example.

CHAPTER 15: SUMMARY RECOMMENDATIONS REGARDING PROGRAM INTEGRATION AND RESTRUCTURING

The sections below contain a brief summary of the conclusions, recommendations and estimated cost savings for the program integration, modifications and reductions being proposed. These summaries are included as an introduction to the detailed information contained in the Appendices. The detailed papers included in the Appendices contain a more thorough discussion and analysis of each program, or program area, and are critical to a thorough understanding of the work of the Project Group.

Reference should be made to the papers the Appendices (numbered 1 to 15) when considering the recommendations contained in the summaries below.

A. COMMUNITY HEALTH PROGRAMS [See Appendix 1]

Programs which promote the physical and mental health and general well-being of Northwest Territories residents and communities now reside within several divisions of the departments of Health and Social Services, with a high degree of similarity and overlap among issues addressed, client groups and methods of delivery.

The Project Group recommends:

- All programs in this category, with the possible exception of some elements of family violence prevention and treatment programs, be integrated and housed in the Department of Health.

Estimated benefits include a short-term savings of \$350,000, longer-term savings due to increased efficiency, and more effective program delivery. With respect to program delivery, once rationalized and amalgamated, this group of programs may become a prime candidate for transfer to communities.

B. EMPLOYMENT DEVELOPMENT AND INCOME SUPPORT [See Appendix 2]

The goal of social programs should be to assist people to become productive and independent. Towards this end, the social assistance program should be integrated with support programs which can help social assistance clients to achieve this goal. Assistance to individuals with permanent disabilities, whose employability status is not likely to change, can be separated from

the caseload and administered on a “pension” basis. Social assistance to potentially employable individuals should be integrated with employment development and training programs to ensure that the maximum coordination occurs to support people in achieving independence.

The Project Group recommends:

The Department of Social Services classify social assistance clients into separate caseloads from other services, such as family services and child care, and assign social assistance technicians to manage these caseloads.

The Department of Social Services develop a classification system for income security clients based on clients’ employability needs. This classification system would then be implemented and managed by social assistance technicians.

The Department of Social Services train social assistance technicians assigned to manage income security cases to:

- Determine initial and on-going of individuals on social assistance.
- Classify them according to an essentially simple classification system; and
- Monitor clients on the caseload to track any change in status of those in the employable categories. The work required in tracking clients is simply to record their progress against an established career development plan and issue benefits accordingly.

Social assistance regulations, procedures and systems be reviewed and, where required, developed to ensure clear procedures regarding client responsibility and eligibility; enforcement measures must be consistently applied across the Northwest Territories.

The Department of Education and Personnel continue to develop the model for Career Resource Centres as per the functions described in the Employment Development Strategy and, that Cabinet approve the development of an income support system that gives employable social assistance clients priority for service through Career Resource Centres.

A comprehensive case management system be developed that links all aspects of the service. To achieve this, it is recommended that the Department of Social Services incorporate the ENTER system in their efforts to introduce automated systems into social assistance delivery.

Priority be given to increasing the number of individuals achieving grade ten standing. It is further recommended that consideration be given to requiring individuals 21 years of age and under to return to the regular school system (K-12) first for upgrading, before social assistance is paid.

An income support system be developed and implemented in the Northwest Territories in a way which will take best advantage of the cost-sharing provisions in the Canada Assistance Plan.

As a minimum, that income security and employment development programs be developed through coordination of the programs of two departments, the Department of Social Services, Education and Arctic College.

If the Cabinet approves this initiative, the Priorities and Planning Committee direct the Priorities and Planning Secretariat to chair a task force composed of representatives from the Departments of Social Services and Education, in consultation with the Department of Economic Development and Tourism and Finance (fiscal policy), and Arctic College, to develop the policy and program design to implement an income support system in the GNWT, and prepare this information for the review of the Committee in six months time.

Immediate priority be given to establishing a Department of Education and Employment with a mandate for delivering all of the programs related to employment development and income support, including social assistance.

If the potential sources of offsetting revenues identified in the Appendix are realized there should be no incremental costs to government, but it is likely that the development and implementation of this program will absorb any potential savings. Benefits will include a more effective employment development function which will assist increasing employable individuals to progress from dependence on government to self-reliance through employment.

C. PROGRAMS FOR SPECIAL TARGET GROUPS

[See Appendix 3]

Three departments are involved with the delivery of a range of services to adults with special needs (senior citizens and people with disabilities). Delivery of coordinated home care programs is funded jointly by Health and Social Services, and delivered by Social Services and **Non-government** Organization's (NGO's). Nursing homes are the responsibility of Health, while personal care homes are jointly administered by Health and Social Services. The Northwest Territories Housing Corporation builds and maintains senior citizens facilities. User fees are established at a flat rate for personal care and nursing homes, regardless of residents' ability to pay.

The Project Group recommends:

- Delivery of all programs for special target groups (aged and handicapped) be coordinated from one administrative centre of responsibility, and that administration should be located within the Department of Health.
- All shelter-related programs be made available to the public on an income-tested or means-tested basis, pending a review of the formula financing and cost-sharing implications of each option.
- The basic co-payment be raised from \$350 to \$500 per month.

- Further research be conducted into the potential for increased access to federal **cost-sharing** in this program area, and that cost-sharing under the Canada Assistance Plan be vigorously pursued.

Estimated benefits include \$129,600 for the increase in the user fee; \$159,600 from the introduction of means testing; and a potential \$1.3 million dollars from accessing federal **cost-sharing**.

D. FEDERAL/TERRITORIAL ROLES AND RESPONSIBILITIES

[See Appendix 4]

- The federal government continues to provide a wide range of programs and services in the Northwest Territories. Most are national programs which are delivered throughout Canada; some are unique to the north and directed primarily at the aboriginal population. It may be feasible for the Northwest Territories to negotiate amalgamation of resources under a single administrative centre for program delivery in areas of overlap/duplication; or to negotiate the transfer of complete responsibility during constitutional negotiations.

The Project Group recommends:

- Areas of overlap or duplication be examined by the GNWT with respect to efficiencies which may be gained in streamlined and coordinated program delivery.
- Detailed examination of program elements should be conducted prior to talks with the Federal Government. This examination should include resources available, program rationale, specific client group, and opportunities for improved efficiencies.

CHAPTER 16: SUMMARY RECOMMENDATIONS REGARDING PROGRAM MODIFICATIONS

A. MEDICAL TRANSPORTATION [See Appendix 5]

Estimated benefits from the following will include annual savings of about \$4.3 million resulting from the increase in co-payments and the implementation of tighter control measures.

This program had an anticipated budget overrun of about 20% in 1990-91, due principally to the volume driven nature of medical travel. The review revealed that although a Policy on Medical Travel exists, there is no clear **centre** of administrative responsibility for the program and there is no system for monitoring compliance with many aspects of the Policy.

Many decisions relating to who travels, when, where, how and with or without escort are not coordinated to ensure maximum efficiency. 25% of the budget is used to support travel for healthy people to act as non-medical escorts.

Medical travel co-payments have not increased since 1976.

The Project Group recommends:

- The Medical Travel Program of the Department of Health ought to be **re-organized** so that there is one program manager in Head Office with responsibility over all administrative aspects of the program.
- Whatever the degree of delegation, the final authority and responsibility for decisions as to whether travel benefits are available ought to be with the Department of Health. Authorization of travel ought to be a delegated function which can be withdrawn or redelegate.
- Health care workers ought to be educated about the costs of inappropriate health travel, whether driven by lack of financial accountability or lack of correct information regarding legal liability.
- The Department of Health should negotiate with hospitals in each of the three southern destinations of medical travel (Edmonton, Winnipeg, Montreal) to obtain the best rate available and all patient referrals should be directed to those hospitals. Compliance with this referral practise should be strictly enforced and exceptions should be permitted under limited conditions such as unavailability of services. Although this does not impact directly on medical travel, it represents a significant cost of hospital expenses and is most easily monitored as a part of the medical travel program.

- A system of GNWT authorizations for expenditures, similar to that for various levels of contract authorities, ought to be instituted. This would delegate approval of different types of travel to different levels of responsibility. It would be managed and enforced like similar financial commitments in non-medical travel areas like purchases of goods and commitments for service contract.
- Negotiate a discount rate in fares for patients on high density airlines routes.
- Guidelines relating to the timing of airline flights and doctor appointments ought to be set out and compliance should be monitored.
- The program manager ought to co-ordinate information regarding doctor community visits, ensure its correctness, and monitor its application by medical referral staff.
- A specific directive relating to the circumstances of follow-up appointments needs to be placed in force and monitored appropriately.
- Education of the specialists to whom referrals are made ought to be undertaken, so that they understand the medical capabilities of any particular community.
- If an individual chooses to travel beyond the nearest centre where the required services are available, the individual should be responsible for all costs beyond that of an economy round trip ticket, minus co-payment, to the nearest centre.
- Ensure compliance with the present written policy on escort travel. As a small first step in this direction, the medical travel forms ought to require the recommending health care worker to identify for which of the four reasons the escort is being approved.
- If there are any circumstances envisaged where a second escort is actually required, these should be spelled out in the Policy and the Manual for the benefit of the administrators. If there are to be no circumstances where a second escort is required, this should be stated and supplied. If the circumstances are “rare”, this should be clearly conveyed in the Manual as well as in the Policy. The less discretion given to the program manager in this area, the easier it would be to the administrator.
- Review the present escort policy with an eye to cost reduction by trying to keep the program designed for the exclusive use of people who are medically at need. Consider the four approaches (set out in Appendix 5) taken above in restricting escort costs.
- The cost-benefit analysis of the Department of Health in bringing medical services north as opposed to sending patients south ought to be aggressively and continually pursued to minimize costs of medical travel.

B. INTERIM CHILD CARE PROGRAM

[See Appendix 6]

A large proportion of the user subsidy component of the interim child care program has lapsed each year since the program's introduction in 1988, due to lower than anticipated take up. The subsidy is targeted to families where parents are employed or in training on a full time basis, and eligibility is restricted to pre-school children in full time care. Eligibility is income-tested. Program criteria were designed specifically to assist parents in training, or to ensure that employed parents would be better off working than on social assistance.

Many parents have continued to access child care assistance through the social assistance program for a variety of reasons. Other parents receive child care support through the Student Financial Assistance Program.

The components of the program which provide start-up assistance and operating support to child care providers have been successful, with steadily increasing demand.

The Project Group recommends:

- All programs in this category are to be integrated.

The estimated benefit will be an enhanced and more effective support program to child care operators, or a short-term savings of \$669,000.

C. SUPPLEMENTARY HEALTH BENEFITS

[See Appendix 7]

The GNWT provides a range of health benefits to residents beyond the insured medical services which are required by legislation. These include the cost of drugs, certain medical-surgical supplies, and certain dental services to **Metis** and non-native residents. The benefits are significantly less than the package provided to status Indians and **Inuit** under the non-insured health benefits program, funded by the federal government.

Like the federal plan, Northwest Territories residents are required to access their employer's benefit package before being eligible to receive these amounts. Employers have eliminated their own benefit packages or tailored them to cover only those areas not covered by the extended health benefits program.

Extended benefits are a government-approved list of "specified disease conditions". Individuals with these disease conditions are eligible for financial assistance, regardless of their ability to pay. Individuals with disease conditions not listed receive no assistance, again regardless of their ability to pay.

Metis residents have lobbied the government strongly to enhance their medical benefits to the level of benefits provided to status Indians and **Inuit**.

The Project Group recommends:

For all programs where the GNWT pays for extended health benefits, there should be an income testing scheme to ensure that the benefits are available only to those who are in need.

The model for providing supplementary **health** care benefits should be **re-formulated**. Its starting point should be the provision of supplementary health care benefits to those who need them, rather than those who happen to have selective (and randomly selected) diseases. This change in the model can be income neutral with the present model, or cost-containing, depending upon the income threshold set for eligibility.

- Alternately, if there appears to be no willingness to reformulate the model, the present model can still be means-tested, eliminating those persons with the correct “disease conditions” who have sufficient income.

If means testing is unacceptable, then a co-contribution scheme is an alternative to it.

If the disease-based model is to be retained, no disease conditions should be added.

The costs of extending **health** benefits to Metis must be rigorously examined before their inclusion is confirmed. Preferably, the “need-based” model for supplementary benefits should be offered as the GNWT’S substitute for the federal denial of responsibility.

Estimated benefits will include both short-term savings and long term reduction in escalating program costs.

Further work is required to accurately identify the potential cost savings of the recommendations.

D. LEGAL AID

[See Appendix 8]

Legal Aid costs are increasing due to a number of factors, including the increasing involvement of the criminal justice system in Northwest Territories communities. Means exist to reduce legal aid costs by decreasing use of legal counsel in the system. These means include a Justice of the Peace Program and a diversion program. None of this is controllable, however, as part of the legal aid program.

The review revealed that the Northwest Territories Legal Aid program does not employ the preferred delivery model. A wide range of Legal Aid services is provided which is entirely discretionary. Fees charged by lawyers providing services to legal aid are the most generous in the country, and there are no effective financial restrictions on the amount of work done per case. Contributions from legal aid clients are modest.

A review of the structure and administration of the Legal Aid Clinic indicates that running the clinics using legal aid societies is expensive and too inflexible.

The Project Group recommends:

All non-matrimonial civil legal aid should no longer be funded by the **Legal Services Board**. The cost of this part of the program, including disbursements, was \$122,000 in 1990. With recoveries estimated at \$26,000, savings will be \$96,000;

Hire two salaried lawyers in Yellowknife to work exclusively on non-circuit adult criminal legal. The savings **resulting** will be \$624,000.

Assess a contribution from legal aid clients as follows:

- criminal clients: Upfront application fee of \$20 for each of 3000 criminal cases. Savings: $3000 \times \$20 = \$60,000$.
- matrimonial clients: Periodic and continuing assessment, averaging \$100 per case. Savings: $500 \times \$100 = \$50,000$

Total savings will be \$110,000.

Hire one salaried lawyer based in **Iqaluit** to work on all matters which arise in the **Baffin**. Because of the unavailability of clear data relating to case volume from the **Baffin**, we do not recommend further salaried counsel until the file numbers can be verified. The savings would be \$107,500.

Cap, block discount, and freeze the hourly tariff. Given available data, it is impossible to project the savings to be incurred. It is estimated that savings will be several hundreds of thousands of dollars.

A proper data-tracking information system should be devised, so that, even at intake, significant facts are known about the client. This will enable, among other things, cost comparisons (to make fiscal management decisions such as staffing levels for salaried lawyers and rationalizing clinic **purchasing**), credit checks (for non-payment of previous contributions), and representation decisions (if clients are situational disqualified).

A policy should be considered whereby certain criminal offenses are excluded from legal aid coverage.

“Uncontested” divorces with no collateral relief should be excluded from legal aid coverage.

A spot auditing system should be put in place to verify client eligibility.

A “situational” disqualification policy should be prepared to eliminate legal aid coverage from clients for situational reasons which are both rational and consistent.

A customized reporting system for lawyers should be devised and tied in with the client data base.

No change should be made in the corporate structure of the Legal Services Board (LSB), except for the deletion of clinic Directors from the Board.

Community legal aid counsel should become salaried employees of the LSB and the societies should be abandoned as vehicles to deliver legal aid.

E. STUDENT FINANCIAL ASSISTANCE PROGRAM **[See Appendix 9]**

The Student Financial Assistance Program is designed to defray the higher costs of post-secondary education faced by Northwest Territories students, encourage aboriginal students to pursue higher levels of education, encourage all northerners to upgrade their education and return to live and work in the Northwest Territories, encourage graduate studies and recognize academic achievement at all levels. The program provides a variety of grants and loans to students attending post-secondary and graduate courses. Eligibility for this assistance varies depending upon the student's ethnicity, length of residence in the Northwest Territories, and length of schooling in the Northwest Territories.

Compared to other jurisdictions, levels of assistance are generous. Aboriginal students from the Northwest Territories receive more generous levels of assistance than students funded directly by Indian and Northern Affairs Canada in the south.

The Department of Education has reviewed the program and identified some administrative measures which can be implemented to improve efficiencies. The review indicated that the total value of the cost-saving measures already identified by the Department will be small. However, the program can be modified without threatening program objectives. For example, reductions in both basic grants and supplementary grants would bring assistance in line with that provided by other jurisdictions. Means test could be administered across the program, although some basic policy assumptions underlying the program objectives would require review in order to do so.

The estimated benefits of these recommendations is approximately \$1 million dollars.

The Project Group recommends:

Supplementary Grant

- Continue to provide a supplementary grant program to all Dene, Metis and Inuit, but tighten the regulations, reduce needless costs (such as paid return travel for students' dependents whether or not they travel), and set a maximum ceiling for individual students based on a completion rate of 60% of the course load per year. Incorporate the basic grant benefit for books and supplies into this package and collapse living expenses in a manner similar to Indian and Northern Affairs Canada so that Northwest Territories program is not providing more than what Indian and Northern Affairs Canada would provide for living allowances.

Basic Grant

- Reduce the cost of the trip home at Christmas in the basic grant package by using the enroute card system for all students for Christmas **travel**. This **would affect all** students; aboriginal and non-aboriginal students.

Post-secondary Incentives, University of Manitoba, Contract and General Regulations

- Tighten the Student Financial Assistance regulations and eliminate post-secondary incentive grants and the contract with the University of Manitoba.

Loans

- Continue to provide for primary, secondary and means tested loans.

General

- Establish a late fee for all applications to improve program efficiency.

F. ARCTIC COLLEGE
[See Appendix 10]

In 1982, the Special Committee on Education recommended that an independent Arctic College be established, with several campuses, each specializing in a major program. As a result Arctic College has developed into a system with six campuses, one in Fort Smith, **Inuvik**, Yellowknife, Cambridge Bay, Rankin Inlet and **Iqaluit**.

However, in spite of the priorities identified in the strategic plan developed for 1990-95, Arctic College is trying to be all things to all people. The current college organization and structure is a result of the vision developed at a time when fiscal restraint was not a consideration and when access to college programs was a more significant factor in decision making than costs. The College will be faced with fiscal restraint both in its contribution from the **GNWT**, and in Canadian Employment Immigration Commission funding.

The following three options are discussed to save costs and a **theme common to all of the options is that Arctic College should be focusing on "the basics" which are: literacy programs, basic upgrading, trades and other training programs for the northern job market.**

The Project Group recommends:

- The **GNWT** contribution to Arctic College be determined through a funding formula.
- An information based on program output measures be measures be developed and maintained.

- Funding priority be given to adult basic upgrading and that these programs be delivered largely through community learning centres.
- Arctic College market its programs more aggressively to third parties.

Cost Saving Measures

Option 1

Consider Alternative Delivery Methods

Weighing the principles of access, economy and stability in the provision of adult education and training, it is recommended that other alternatives to a college delivery model be considered.

Option 2

Dramatically Reduce Arctic College Operations and Program Responsibility

It is recommended that a dramatically reduced College model of operations and program responsibility be considered.

Option 3

Reduce Arctic College Operations and Programs

It is recommended that “campus” development be limited to one main campus in the East, and one in the West, and that the other “campuses” be considered regional program centres.

The cost savings realized are dependent upon which decisions are made regarding the options proposed.

Option 1 would result in cost savings of approximately \$15 to \$20 million dollars.

Option 2 would result in cost savings of approximately \$13 to \$18 million dollars.

Option 3 would result in an estimated savings of \$1 million to \$1.5 million through operational streamlining. Program cuts and consolidations may yield in the area of \$250,000 per program. As a result if four programs were excised and two programs were consolidated another \$1.5 million in cost savings would be realized, resulting in a total of \$3 million dollars saved.

G. HEALTH SERVICES AND FACILITIES

[See Appendix 11]

The Department of **Health** has produced a strategic vision which would produce a **health** care delivery model different from that of the southern Canadian medical model. This model will have the advantage of providing as good or better health care at a lower cost. The model is based upon primary health care being administered by nurses, with support from **local** health para-professionals. The role of the physician will be as consultant and educator.

The model also anticipates Stanton **Yellowknife** Hospital being a regional hospital for the Western Arctic, the **Kitikmeot**, and to a certain extent, the **Keewatin**.

The Review Project applauds this model as a realistic and apparently cost-effective way for the health care system in the Northwest Territories to develop. In order to be implemented, it must be given a costing structure and must be explained to the public.

The Project Group recommends:

- The Department of Health must be given every possible encouragement to continue with implementation of its "Northwest Territories Way" model for health delivery. Priority should be given to further benefit/cost analysis before any public dialogue is considered. That analysis should include the following recommendations:
- A model of implementation and costing of community hiring must be developed and **integrated** into the model in general and in the communities of Fort Smith, Hay River, Fort Simpson, and Inuvik in specific.
- The **Keewatin** District must be required to conform with the model - by sending patients, in the first instance, to **Yellowknife** rather than to Churchill as **its** regional centre.
- A system must be devised to capture information on the increased levels of travel, changes in referral patterns, and the addition of hospital services in **Yellowknife**, and their effect on facilities, **medicare**, and medical travel. This system will be used for the costing analyses necessary to make further decisions relating to cost containment.
- Prior to any decision made to add services to Stanton **Yellowknife** Hospital, a financial analysis must be done, and a conclusion reached that money will be saved. If money will not be saved, the services should not be added.
- Periodically, newly added services, as well as older services previously added at Stanton **Yellowknife** Hospital should be analyzed to ensure that the original assumptions still hold and that money is still being saved. If it is not, the **service should** be eliminated.
- Compliance with all aspects of the general model for medical care delivery in the Northwest Territories must be firmly required, monitored, and strictly enforced. This is particularly critical with respect to the hiring of physicians by salary or contract, and with respect to the maintenance of recommended travel referral patterns.

The total savings of this model of health care delivery, although not yet quantified, are substantial.

H. SOCIAL ASSISTANCE AND SOCIAL HOUSING

[See Appendix 12]

The Department of Social Service's budget does not include the cost of social housing. If it were included in the budget of this Department, rather than that of the Northwest Territories Housing Corporation, the costs of social assistance would triple.

The Project Group recommends:

- Social housing is not in the terms of reference of this project. However, when an attempt is made to perform an accurate and useful program review of social assistance, 'social housing must be included as part of the review.

I. PROGRAMS AND PROGRAM DELIVERY: THE OMNIBUS APPROACH

[See Appendix 13]

The Omnibus approach to cost containment is a method whereby expenditure levels for programs are arbitrarily set. The setting can be done at any level - typically fixed or inflation-adjusted.

For the major program areas in the Departments of Social Services and Health, we developed trend lines based on fixed (0) increases, inflation adjusted increases, previous years trends, and departmental projections. The savings obtained in fixing or adjusting for inflation only show what levels of savings can be accrued over the years through this method."

The Project Group recommends:

- It is recommended that the GNWT should continue to include the Omnibus method in its approaches to cost containment.

CHAPTER 17: SUMMARY RECOMMENDATIONS REGARDING PROGRAM REDUCTIONS**A. YOUTH INITIATIVES PROGRAM**
[See Appendix 14]

This is an entirely controllable program with a wide-ranging and diffuse mandate. The mandate of this program overlaps with several other existing programs which are addressing issues of concern to youth - including suicide prevention, employment development, drug and alcohol abuse, involvement of youth in the corrections system, and the need for positive role models. Priority categories for allocation of funding were identified by Cabinet for 1990-91 but none have been identified for 1991-92. There are no guidelines to ensure regional equitability in allocation of resources under this program. Although youth comprise a large proportion of the Northwest Territories population, the number of individuals who will benefit directly from program activities is relatively small.

Government may want to consider the establishment of a Youth Secretariat which could integrate elements of existing programs which are targeted at youth and utilise existing resources more effectively. Estimated benefits include a short-term savings of \$940,000.

The Project Group recommends:

- It is recommended that this program be excised.

CHAPTER 18: COMMUNITY TRANSFER MODEL

[See Appendix 15]

The GNWT is committed to community self-government, that is, the transfer of program delivery responsibility to community governments on a negotiated basis. The Standing Committee on Finance in its 1991-92 report recommended that the Department of Social Services enter into negotiations with communities to devolve authority for the delivery of social service programs.

Programs in the social envelope are appropriate candidates for transfer. In addition to the essential conditions which must be identified by the GNWT for delegation generally, specific program requirements must be "**tailored**" for transfer. **Therefore**, before government **can** proceed to the negotiation of transfer agreements with communities, a considerable amount of analytical groundwork is required. This work includes:

- identification of the components of existing programs and how they might be changed by communities empowered to deliver them;
- **identification** of which components of existing programs are mandatory, i.e. statutorily driven, and what flexibility might be delegated to local communities;
- identification of evaluation factors to be reflected in transfer agreements;
- identification of accountability factors to be reflected in transfer agreements;
- analysis of cost implications by program component.

The comprehensive nature of this work may delay initial negotiations on transfer. However, to proceed with transfers before this essential groundwork is done is to invite service problems down the road.

PART V: CONCLUDING COMMENTARY

Over the period 1967-1991, the **GNWT** has gradually assumed control over a large and critically important organization. The budgetary outlays under the control of the **GNWT** in 1967 were \$10 million; today they are \$1,100 million, and these funds are used to provide 375 programs administered by 17 departments of government and over 800 boards and agencies. The operations of the **GNWT** are far-reaching and widely dispersal, and it is the most decentralized government in Canada.

In many respects, northern political and infrastructure progress has, according to southern Canadian standards, been extraordinary over the past 50 years, with aboriginal peoples moving from a traditional lifestyle in a territory governed much like a colony of Ottawa, to participating in all aspects of modern Canadian society in a territory that is governed by a Legislative Assembly which has an overwhelming aboriginal majority. Much of the government funding during this time has been used to establish modern infrastructure: transportation networks, education facilities, community and regional health facilities, which did not exist in the first half of this century.

But the impressive infrastructure progress of the past has been driven by rising government spending which in future will be tightly capped. The very success of government-driven development has now given rise to a new challenge. As restraint becomes necessary, government cannot scale back its operations in a manner that leaves the northern population unsupported, it must scale back its operations while creating the means for northern communities to move in and support themselves to a much greater degree. This challenge **has** been **many** years in the making and there are no quick fixes or easy answers; meeting this challenge will require effort, time, and new ways of looking at deep-seated problems.

Northern communities now have a backlog of 3,000 homes, according to the Northwest Territories Housing Corporation, yet there is over 50% unemployment in many communities, and over \$100 million in social assistance payments (including rent subsidies and **UIC**). It is a paradox that these conditions exist side-by-side. There is a pool of **labour** (the unemployed), there is a pool of capital (the \$100 million) and there is work to be done (the houses). Is there a better way to pool this huge amount of capital (the \$100 million) and combine it with the available **labour** (the 50% who are looking for work) in order to meet the economic need (the 3,000 houses)?

There are other paradoxes. Northern community enterprises often suffer for start-up capital but \$100 million is being provided in social assistance. Could this money be pooled and put to better use? Expensive schools are built in northern communities but fewer than 5% of students go through to grade 12. Many are drawn away by competing training programs which offer wages. Should these programs be rationalized?

Managing in a Period of Adjustment and Tight Restraint

The **GNWT** has evolved an administrative structure which has served to bring services and basic infrastructure to the communities of the Northwest Territories. This structure is highly decentralized through its regional and field operations. However, over the years the increasing role of the territorial level of government in communities has eroded the communities' responsibility for their own well-being. The need now is not for further decentralization, but for a transfer of authority and resources from the territorial level to the community level of government.

Additionally, the **GNWT** will also have to adjust to the changes that are being driven by: national economic and constitutional developments; further **devolution** of responsibilities from the federal to territorial level; comprehensive claim settlements; aboriginal self-government aspirations; and, the **GNWT's** own struggle to shape its political future. Regardless of how these large issues resolve themselves, the **GNWT** must respond to the immediate imperative of fiscal restraint. Although it is the restraint imperative that generated this Review, the Project Group was cognizant of this larger context. The Project Group believes that its findings and recommendations will be compatible with the outcomes of these other issues.

The territorial Government has made significant efforts over the past few years to contain person year and expenditure growth rates. It has achieved a degree of success and has maintained an accumulated surplus. However, managing in the upcoming period of severe revenue restrictions will require a more far-reaching approach. It will require that the Legislative Assembly, the Cabinet, the civil service, the federal Government and the people of the Northwest Territories, all be part of the solution.

In commissioning the Review Project now, the **FMB** has given the government a chance to avoid the debt-trap facing many governments in the south, and has given the new Cabinet some breathing space to make changes. The **FMB** has recognized that the changes needed are fundamental - this is not a time for half-measures - but at least the changes can be undertaken in an atmosphere which is neither punitive nor "panicky".

This Review Project cannot provide all of the answers to cost containment. Its scope was limited, as it had to be within the time period available. The people of the north - the citizens, the elected officials, and the civil servants - are in a far better position to offer deeper insights into how the **GNWT** can both live within its means and deliver on its top priorities. All of these groups must devote their energies to that challenge.

The Review Project should be regarded as a start toward stronger management and structure in northern government. Its observations, findings, and recommendations are put forward in the hope that they will be helpful to the emergence of two strong levels of northern government: the community level and the territorial level. Working together, both of these levels of government will need a much stronger ability to meet deep-seated problems, and ensure that scarce resources are not spent in an unfocused way.

The Project's conclusions and recommendations are extensive and **appear** throughout Parts II, III, and IV of this Report. The major findings lie in the following areas:

Community Government in the North

Community governments need to play a larger role in northern government, as Cabinet has indicated, and they need more control over the resources necessary to do the job.

- A stronger mechanism is needed for turning over resources and responsibilities to community governments and there has to be a driving force behind this initiative. This Review has made recommendations respecting both.
- The Project Group also supports **greater** community transfer as a move toward greater efficiency in managing **the** north. The key challenge of the north over the foreseeable future - that of creating a **sustainable** economic base at the community level - will require the strength of two **levels** of government. An economy which is largely based on imports paid for by **social** assistance, is not a sustainable economy. Northern communities must **re-establish**, 'in their own terms, greater ability to meet their own needs for housing, food production, garments, heating and education. The **GNWT** will not have the revenues to meet all these needs by itself. The **GNWT** is now playing too many roles in the communities of the north: landlord, teacher, care-giver, counselor, job provider, and so on. It cannot afford to do all these things. The job of restoring community social and economic stability should be met head-on by the full strength of communities and the **GNWT** combined.

Structure of GNWT Operating Departments

Community governments will not succeed without a strong territorial government. The many needs of emerging community governments can only be met within a strong and well organized framework of training, support, and back-up. Managing the business of northern government will require strength at two levels. The territorial Government will need to give itself added strength if it is to both support communities and manage the northern agenda. In a period of restraint the option will not exist to add resources, but equally the resources at the territorial level cannot be stripped if the essential work of the north is to be accomplished. Therefore, added strength at the territorial level must be accomplished through reorganization:

- Operating departments in the **GNWT** should be consolidated.
- The **GNWT** is too elaborate and fragmented with 13 operating departments. It has an average department size of 330 people. Fragmented departmental structures tend to weaken government. Each separate structure adds to the cost of government, and communication and coordination across departments, even with the best of intentions, tends to be very limited. The result is a structure which is more cumbersome, less manageable and less effective in meeting the needs of northern communities.

- In **re-building** fewer, stronger departments, there needs to be a greater reflection of northern priorities. **The uniqueness of the north and its** challenges should be reflected **in the way** government **does** business. The Project Group made a number of specific recommendations in this regard.
- The **GNWT** should also **re-build** departments **in a** manner that is as “flat” and “**delayed**” as possible. The trend toward an Assistant **Deputy** Minister layer should be reversed. Departments **in the GNWT** need strong program directors and strong Deputy Ministers - and **there** needs to be a direct **link** between these two levels. From the community perspective, the multi-layered (**and increasing**) steps to the top of a department are confusing and daunting. Community **people** feel they cannot work with departments and so go straight to Cabinet Ministers. This can be a sign that departmental **levels** and structures have become impenetrable and inaccessible.
- Decision-making should **be** pushed further to **the local** and community **level** - in other words, as close to the client as possible.
- Ministers should resist the temptation to involve themselves in the day-to-day administration of programs. This creates the appearance of unfairness in the application of benefit criteria as between individual citizens, and undermines the efficiency of the administrative process.

Third-party **Boards** and Agencies

- In line with this focus on two strong **levels** of government (the community level and the territorial level), there **needs** to be a major effort to “de-clutter” the third-party advisory and administrative apparatus of the north. Layers of third-party boards and agencies have added to the cost of government, and tend to **leave** the average citizen and elected official feeling powerless.
- The structure of the northern government is now extremely complex; there is a wide dispersal of governmental powers among a very large number of boards and agencies accompanied by a large volume of regulations and instructions that provide the powers and duties of the boards and agencies. The business of government now lacks unity and cohesion and has become too costly, complicated, and time-consuming. The determination of the responsibilities of the elected members by the electors is almost impossible.

Cabinet and the Central **Machinery**

- The Legislative Assembly charges the **GNWT** Cabinet with the **special** trust of achieving the north’s highest **priorities**, however, there is not yet a well-developed sense of “Cabinet government” and unity of Cabinet. The **GNWT** will not have the revenues to pursue eight or nine separate agendas; it can only pursue one course of action, established collectively by “one Cabinet”, if the north’s truly highest priorities are to be delivered.

- The work of Cabinet needs to be recognized as the most important work facing Ministers, over and above their individual portfolios, and Cabinet will need better organized and more powerful central machinery if its agenda is to be implemented.
- Cabinet must send clearer signals respecting its top priorities. Only then can it hold departments accountable to deliver on these priorities. But Cabinet and **the central** machinery, having given departments their goals and resource parameters, must not then try to “shadow manage” departments. Cabinet and the central machinery must then make a greater effort to create conditions which make it easier for operating department managers to manage.
- The ability of Cabinet to establish government-wide priorities among programs competing for funds must be strengthened.

Human Resources and Executive Development

- An overall plan for human resource development is lacking. “After years of operation, the government still does not have an inventory of the skills and potential of its thousands of employees. Recently, a human resources questionnaire was circulated with a view toward developing a data bank of employee information, but the questionnaire placed little emphasis on skills identification.
- Most people want to contribute in a meaningful way to their job and the organization which employs them. Their job satisfaction increases with the level of their contribution. However, if goals are not clear, achievable and involve the employee in such a way as to genuinely and meaningfully contribute, then motivation becomes virtually non-existent. As well, this lack will mean that the ability to evaluate performance, and set standards and bottom lines against which to measure staff and provide a basis for controlling or correcting work, is not available. This appears to be the case for the **GNWT**.
- Senior officials in the public service need to develop greater corporate perspective. The Government Leader should take an active role in the assignment and evaluation of Deputy Ministers, and Deputy Ministers should be rotated more **carefully** and frequently than is now the case. To serve the interests of the north, there needs to be throughout the civil service, a body of senior administrators of outstanding ability, with a common sense of purpose and a clear sense of their collective responsibilities.

Program Management and Integration

- There must be a major drive towards program integration. Rather than numerous small operating departments delivering 375 programs, guided by over 800 advisory boards and agencies, there needs to be fewer, larger and stronger operating departments delivering more forceful and more integrated programs, guided by elected officials.

- Every **dollar** must be accounted for and every penny must be squeezed-twice. The **GNWT** cannot afford program duplication, overlap, lack of coordination, or programs which may have outlived their usefulness. Searching questions will need to **be** asked before any new program is launched and **all** programs should be allowed to lapse (i.e. "**sunsetting**") unless they have demonstrated the highest value-for-money standards.
- **No** departments should design and implement programs or services without consulting other departments or agencies which might have a **stake**, or may in fact already be running a similar program.
- There is a lack of direction to **collect** data of use in program evaluation or performance monitoring. Without these data, little effective planning or management can take place. Policies are **written** without a feedback loop which would require the gathering of data for evaluation within a specified time frame, and **its** subsequent use in modifying the specified **policy** (e.g. adaptive management). Without broad achievable goals for the government, many decisions in the central agencies and at senior management levels in the departments are subject to the political wind. As a result, confusion sets in, morale deteriorates and enthusiasm for the job is diminished.

The Federal Government

The federal Government will continue to be a key part of the development of northern Canada. The business of government will always be more expensive in the north. The deep socio-economic problems, the high cost of living in the north, the added transportation costs, the great distances, and the harsh climate will all mean added expenditures,

The Review Project did not specifically address the revenue side of the **GNWT's** financial situation, but there is no doubt that actions taken with the funding formula (including the GDP cap) have produced cuts to the revenues available to the **GNWT**. Added to this is the widespread sense that transferred program responsibilities in health and forestry have not been accompanied by adequate funding. A similar frustration now surrounds the negotiations between **GNWT** and **INAC** respecting hospital services.

Finally, there is a feeling that the **Goods and Services Tax (GST)** has hit the north disproportionately hard, especially in very high-cost areas such as transportation, and has consequently left the **GNWT** with less tax room. As a result, a review such as this has been necessary to provide the means by which the territorial Government can bring its expenditures in line with its reduced revenues.

The financial independence and health of the **GNWT** still rests on it having access to a broader resource and tax base. This gives added urgency to the negotiations for a Northern Accord.

Federal-Territorial Program Overlap

There is also another very large area in which federal-territorial efforts could be **further** harmonized. The federal Government continues to provide a wide range of services and programs in the North. Most of these are national programs which are **delivered** throughout Canada, although some are unique to northern areas and directed primarily at the aboriginal population. Concern is often expressed by residents regarding the confusion and apparent duplication of programs at the community level being provided by the **GNWT** and the federal Government. Negotiations on these areas of overlap could result in a single agency delivering the program, while both agencies provide funding. Alternatively, it may not be **necessary** in these times of fiscal restraint for two agencies to fund and deliver programs which address similar needs.

The Project Group believes that there are a number of important areas that could be usefully **examined** by the **GNWT** and the federal Government with respect to efficiencies which may be gained in streamlined and coordinated program **delivery**. **These areas might include**, for example:

Department	Program
DOE	Environmental Protection Service Canadian Wildlife Service
CEIC	Human resource development programs, training, job creation National Employment Services
INAC	Vocational and on the job training for natives, counseling for northern students in southern Canada Special employment programs and monitoring joint agreements Economic development for Indians and Inuit Northern science training programs, advice on northern scientific matters Band Management Exploration, development and conservation of non-renewable resources Renewable resources - management of land, water and forests
DIST	Industry, tourism and commerce, Aboriginal Economic Development Program
Psc	Native Northern Careers Program

Every effort should be made to avoid costly duplication in these program **areas** for the future. However, the option does not exist for either government to draw back its programs and resources from the Northwest Territories, rather they should continue to search for ways to increase their combined effectiveness.

A Word About Implementation

The implementation of recommendations contained in this Report can be undertaken in a variety of ways. Some can, or perhaps are now being implemented by departmental personnel who assisted in developing solutions. Others will require additional planning effort prior to implementation.

Several key assumptions and prerequisites will underlie a successful implementation strategy. These are that:

- both the public and employees must be made aware of the tough general strategic choices created by revenue shortfalls;
- restraint-enforced consolidation and simplification of the government structure can produce quality improvements in program and service delivery;
- employees and suppliers should be challenged with the opportunity to identify workable steps to effective restraint in a manner, which **also** enhances or **preserves** quality of “product delivered”.

The **GNWT** will have to contain expenditures and **person-years** if it is to cope with the revenue shortfalls expected in the next few years. Forced belt-tightening has already been attempted, but this will be insufficient to deal with the fiscal problem over the medium term. Restructuring, rationalizing and downsizing is required if the north’s emerging fiscal problems are to be managed effectively.

It is essential that actions be taken to minimize damage to the **public** service and to individual public servants, such as employee involvement in developing solutions to restraint problems. The public and employees should have the difficult strategic choices explained to them, as fully as possible. A clear picture of the change is necessary. Employees, especially, should be involved in tactics and implementation. It may be possible to improve and maintain the quality of delivery of programs and services and still cut costs by 10%, for example, without layoffs. Employees should play a key role in the development of a positive vision of the future, and a commitment to support change. Department managers may be surprised at the response from employees under these conditions. When surplus requirements are identified, a process of consultation with employees is also important to determine appropriate means: attrition; retraining; relocation; early retirement; etc. Cabinet, and especially the Financial Management Board, must pay special attention to this need.

Implementation Process

The implementation of the changes recommended in this Report will require some early and decisive action in the life of the new government. A body of very capable people will need to be put together to effect the major changes.

In the case of the recommendations respecting program delivery, further back-up outlining how implementation can be pursued, will be found in the appendices to this Report.

All of the proposed changes in these areas are urgent, but very strong action needs to be underscored in:

- a more integrated employment and education thrust which includes social assistance (for employable adults), child care, and Arctic College as key **parts** of the strategy;
- the integration of health and social programs and the rationalization of northern hospitals;
- a much stronger effort to develop a “home-grown” **northern public administration**.

In the case of major organizational and structural changes, there will be a number of key steps, as suggested below.

Departmental Consolidation:

- **FMB** recommends consolidation plan to Cabinet for approval.
- Consolidation plan would identify ministerial planning team and the (two to three months) task outline for undertaking the **detailed** organization design.
- Upon approval of the detailed implementation plan, implementation would proceed.

It would be highly desirable if the new Cabinet were to commit to a more consolidated department structure and concomitant downsizing before portfolios are assigned to Ministers. The implementation should begin here - with the remainder of the detailed implementation plan **worked** out by a committee chaired by the **FMB** Secretary, and consisting of the Cabinet Secretary, Deputy Minister to the Government Leader, and Deputy Minister of Finance.

Transfer to Community Governments:

- A (rolling) five year implementation plan under the leadership of the Cabinet Secretary and Implementation Group would be **developed/maintained**.
- Action plans involving all designated ministers/departments would be set out annually in concert with the five year plan.

Boldness and Vision

The work of the Project Group is presented as a start - and only a start - in a process of much needed change. The Project Group has placed a major emphasis on the theme of strength at two levels. The GNWT will need to be rebuilt along these lines if it is to be both more efficient, and better able to deliver on its priorities.

Governing the Northwest Territories will perhaps always be more difficult than governing a southern jurisdiction, given the huge land mass, many languages, many cultures, and many uncertainties. Uncertainty is a common thread through much of the GNWT, and change is inevitable. Issues like land claims, division, and possible closure of mines or reductions in resource exploration, introduce a large element of the unknown for planning the future. It is not known how a post-claim environment might look or function although everyone agrees that it will have a large impact.

The changes proposed in this Report will not reduce these uncertainties and challenges, but it will make them more manageable. A simplified, more integrated plan of northern government organization will be a stronger organization.

For the employees of the GNWT, the recommendations of the Report should allow greater purpose and direction to be brought to their day to day activities. Employees want to make a contribution, and they want to know what goals and directions are to be pursued. Employee motivation is badly undermined if their efforts are being counter-acted or duplicated by another arm of the organization. The Project Group strongly believes that bringing many similar functions together through program and departmental integration will greatly increase employee morale.

\ The Project Group has also addressed itself to the needs of native northerners and northern communities. The structures and programs of government should be more reflective of northern and native culture if government is to be understood by and accessible to the public it serves. More of the business of government should be done at the community level by community governments, which are ably supported by a strong territorial Government. Transferred programs and resources can be used as a foundation for greater social and economic development in the communities. Traditional structures should play a role in northern community government. Simplifying and consolidating departments and programs will also make these structures less "foreign" and less complicated, and should help reduce the "distance" between the GNWT and the people it serves.

In many cases re-building the GNWT along these lines means breaking with southern program and organization models, and there is nothing wrong with that. The GNWT no longer needs to adopt a follow-the-leader approach; it can be the leader. But this will require boldness and vision. There is no existing blueprint for a made-in-the-north government; the GNWT will have to create that blueprint itself, founded firmly on the principle of strength at two levels.