



15th Legislative Assembly of the Northwest Territories

Standing Committee on Accountability and Oversight

Report on Pre-Budget
Consultations - 2006

Chair: Mr. Jackson Lafferty

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SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Accountability and Oversight is pleased to provide its Pre-Budget Consultation Report and commends it to the House.

Jackson Lafferty, MLA
Chairperson

**STANDING COMMITTEE ON
ACCOUNTABILITY AND OVERSIGHT
PRE-BUDGET CONSULTATION REPORT**

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PRE-BUDGET CONSULTATION REPORT

INTRODUCTION

The Standing Committee on Accountability and Oversight is pleased to present its second Report on Pre-Budget Consultations.

The Committee held hearings in Aklavik, Fort Liard, Fort Resolution, Fort Simpson, Katlodeeche First Nation, Sachs Harbour, Wekweètì and Yellowknife between August 17th and September 5, 2006. Following the initial Yellowknife hearings, the Committee Members split into Northern NWT and Southern NWT groups in order to visit as many communities as possible within the time available.

The Committee recognizes that the timing of the consultations in late summer made it difficult for many people and organizations to participate, and is considering other options for the future. However, the low turnout at some of our community hearings did not prevent us from having stimulating and productive discussions with those people who did attend. We also received a number of written submissions from people who were not able to attend in person. The Committee is satisfied that we have heard a broad and representative range of views and strongly believes that the pre-budget consultations continue to be a relevant and worthwhile exercise which will continue to improve with time.

We would like to thank everyone who took the time to make presentations to us or to send us written comments. A list of their names and organizations is attached to this report.

As MLAs, having the chance to see other communities and meet each others' constituents helps us to do a better job when we make decisions that affect people across the territory. We would therefore also like to thank all the communities we visited for making us feel welcome and for helping us get to know them better.

Why Pre-Budget Consultations?

From the beginning of the 15th Assembly, our Committee has looked for ways to give members of the public a meaningful opportunity to influence the Government's business plans and budget. In the past, we do not think enough people and organizations have had a chance to tell MLAs about their priorities and views of how government should spend its money.

The Government's budgets are not made public until February. By this time, it is too late to make major changes, and even minor adjustments can be difficult to fit in. However, the work on the budget begins several months earlier. Standing Committees get their first opportunity to see and to question potential cuts, new spending and other budget changes when they review the Government's draft three-year business plans. This takes place over a two-week period in September when there is some possibility of making changes. Committees use this time to discuss government-wide issues with the Premier and Minister of Finance, and then meet with the Minister and senior staff of each Department to go over the draft plans in detail.

Governments are often compared to large ships that take a long time to change course. As we did in last year's report, we would like to caution that many of the issues raised demand long-term solutions and are far beyond what can be addressed in one year's budget and business plans. However, we would like to assure the public that the course is slowly changing, and that participation in pre-budget consultations is helping to make that happen.

As Finance Minister Roland advised us, "the results of last year's consultation process were useful in identifying a number of specific areas of concern, not simply with respect to budget development, but also in terms of program and service delivery."

In September 2005, Members had the opportunity to ask the questions and raise the issues we heard during our first pre-budget consultations as we reviewed individual Departmental business plans with the Ministers and senior staff. In the following months, Members continued to raise issues such as support for frontline organizations and workers, the need for affordable, accessible, adequate housing, and energy conservation. The timing did not allow for major changes to be made for the 2006-2007 budget, however, we expect to see more of an impact on the 2007-2008 budget that will be introduced next February.

As we went through the September 2006 draft business plan reviews, we were able to use what we heard this year to reinforce with Ministers positions we have taken earlier, and to introduce new ideas. The issues raised during the consultations will continue to be reflected in statements and questions by individual Members during upcoming Sessions of the Legislative Assembly, in future reports by Standing Committees, and in the debate on the budget that will happen next February and March.

As Committee Members, we will continue to do what we can to influence the Government to align its plans more closely with what the public is telling us, and to encourage the Government to keep going where it is already heading in the right direction. We look forward to working with the Government over the

remainder of our mandate on longer-term approaches and strategic investments toward addressing the issues identified and achieving the goals set for us.

WHAT WE HEARD - GENERAL COMMENTS

The focus of our second annual pre-budget consultations was the cost of living. The high cost of living was one of the concerns we heard about the most during our 2005 hearings. It includes the cost of essentials such as housing, food, childcare, electricity, and fuel.

The GNWT already spends about \$128 million, or roughly 13% of its total budget, on subsidies to help reduce the cost of living, including public housing, income assistance, and fuel and power subsidies. The GNWT has said that while subsidies may be a necessary interim measure to manage the cost of living, they will not be sustainable in the long run and do not encourage the efficient use of resources.

The GNWT has suggested that longer-term solutions are reducing energy, utility, transportation and communication costs; increasing market development and competition; increasing employment and income levels; and reducing government program costs.

To get the discussion started, we asked people the following questions:

- ❑ What are people in your community doing to lower their own energy and utility costs by conserving? What would help them use less fuel and power? Have they heard about the Arctic Energy Alliance and its programs?
- ❑ Do you support Government investment in more highways and bridges, hydroelectric projects and high speed Internet to lower costs?
- ❑ Would people in your community be willing to harvest or grow more of their own food, and if so, what Government support would help?
- ❑ What businesses are available in your community? What, if anything, should the Government do to help start up local businesses and/or cooperatives? Are the business development programs the Government has now working? Why or why not?
- ❑ What could the Government do to lower its own costs?

The Committee agrees that simply continuing to expand subsidies is not a sustainable way of helping people to manage the cost of living. We are also aware that until the Government is able to secure a fair funding arrangement with Ottawa and establish new revenue sources, its ability to increase overall spending will be severely limited.

During our consultations, we did hear many requests for more program dollars. However, we also heard ideas that would not necessarily require more spending by the GNWT, but that might, for example, require the GNWT to play a coordinating or lobbying role on behalf of residents and communities. People also brought forward several suggestions for modest strategic investments that would help people to help themselves and pay off in the medium to long term. The Committee believes it should be possible to follow up on at least some of these ideas within the current fiscal climate.

The Committee also heard that the Government can free up more program money and make better use of the resources it has by looking for savings and efficiencies in its own administration and by ensuring that the programs and subsidies we do have are fair and are getting to the right people. The Committee is especially concerned that the GNWT is failing some of our small communities by not ensuring that critical programs are delivered as intended to the people who need them most.

Although the cost of living was the primary focus of the 2006 consultations, the Committee also heard from people on a number of other issues, many of which were also raised in 2005. In particular, frontline organizations told us they continue to have serious concerns with their funding arrangements and relationships with the GNWT. Other topics of discussion included health, family violence, education, and economic development. These issues are outlined in a later section of this report.

WHAT WE HEARD - COST OF LIVING

Housing

It should come as no surprise to anyone that housing is a serious concern across the Northwest Territories. The demand continues to increase as the economy grows and more workers relocate to the NWT, and as more seniors choose to retire in the north. The Committee heard from individuals, business, labour, and frontline organizations about the impact the lack of adequate, affordable housing is having on the well being of our residents and the viability of our communities and businesses. As the Union of Northern Workers wrote, "some individuals have been offered jobs, accepted the position only to subsequently change their mind about joining the NWT workforce when they become aware of the cost and

limited availability of suitable housing.” Other groups reiterated the same concern from employers’ point of view. The extent of the crisis was apparent in Fort Liard, where we were saddened to hear that kindergarten and primary students eager to start a new school year had been sent home earlier that week because they had no teachers. Their newly hired teachers had promptly left the community on realizing there was nowhere for them to stay.

While many communities suffer from a shortage of housing units, the reasons vary. In some communities, including Yellowknife, the shortage of land is a major factor. The Yellowknife Chamber of Commerce and the Union of Northern Workers both encouraged the GNWT to continue working to resolve land claims and free up more land for housing.

In many other communities, the shortage is at least partly attributable to ill thought-out and poorly executed initiatives of the NWT Housing Corporation. Members saw firsthand housing packages from 2003 still sitting in their crates, boarded up houses that we were told required only a few repairs, and houses that had never been occupied. One Aklavik resident asked, “if they build two more houses here in the community, are they going to get boarded up too, or what’s the intent? It would be kind of sad to see that.”

With the limited funding available to build new housing, it is critical that the NWT Housing Corporation do a better job of matching community and clients’ needs with its units and of ensuring contractors live up to their obligations and standards of good workmanship. People expressed many concerns about the quality and suitability of even newer housing stock. A Fort Liard resident recently arrived from Newfoundland said, “I have never seen the poor quality of stuff currently being built here in the Northwest Territories. They are mould factories.” Another individual told us about market housing units being sent to Tulita that had no place for water tanks. In Fort Liard we heard the market housing units had remained vacant for a year until some “desperate out-of-towners” were able to negotiate lower rent. A Sachs Harbour resident voiced frustrations with the Housing Corporation’s current initiatives, as “just another example of ‘government knows what’s best for us,’ because we never had any input in the design of even the public housing. ... I bought a house, privately owned, I had no input in the design of that house. ... I lived in public housing before and they’re not good houses. Now trailers? My own opinion of trailers is that in about ten years from now they’ll deteriorate so bad that it’s going to cost a fortune to fix them up.” Referring to the new affordable housing dollars, Member of Parliament Dennis Bevington asked, “are we doing enough with that housing to make sure that northerners are going to end up with houses that they can afford to heat and light?”

It is no wonder that the Housing Corporation has boarded up units across the territory that no one wants to live in. Considering the need for adequate housing and our limited resources to achieve this, this situation is unacceptable.

The concerns point to the need for the long overdue Housing Corporation mandate to guide program design and priority setting. The Committee was disturbed to hear that the NWT Seniors' Society had not been approached to provide their input into the mandate, and is concerned other key stakeholders also may have been left out. As the Seniors' Society told us, the mandate needs to be finalized with input from the stakeholders who "know firsthand some of the challenges when trying to deal with policy and procedures at headquarters level, which do not seem to transfer down to local housing staff and boards at the community levels."

The Committee also heard concerns about the fairness of public housing programs. Some people suggested a means test should be required to ensure those most in need have access to public housing units.

Housing for seniors has been an especially controversial topic in recent months. As the Yellowknife Seniors' Society pointed out, the current programs create a gap between seniors living in their own homes and those living in public housing. We heard from the NWT Seniors' Society that seniors don't mind paying rent if they have the ability. Yet one presenter told us, "we had seniors living here in Hay River years ago in the seniors' complex that wanted to pay rent for their rooms and the Housing Corporation wouldn't let them. That's crazy."

At the same time, many seniors who live in their own homes struggle to make ends meet either because assistance is not available, or because they are not aware of the programs out there. The Committee heard directly from a Fort Resolution elder about his difficulty getting the help he needs to make necessary repairs to his home to make it more heat efficient. He is so frustrated that he told us he might just abandon his house this winter once he runs out of fuel and let it freeze up. We were told in Aklavik that elders who own their own homes are discouraged by the increasing costs of power and fuel, and some have had to go to public housing, which takes away their feeling of pride.

In fairness to all seniors, it is essential that the Housing Corporation and the Government, which administers social housing and the Seniors' Home Heating Subsidy, have clear, principled, sustainable, equitable and well-publicized policies about what assistance it will provide and to whom. As the NWT Seniors' Society said, "there needs to be a level playing field and there needs to be discussion around equality. I don't think we have got there yet. I don't think we need to bite the seniors over policies that haven't really worked. ... We need to see fair treatment and respect and dignity for the seniors."

The Committee heard again this year that the new rent scales are turning out to be a disincentive for people to go to work because their rents remain low as long as they are unemployed. In the words of a Sachs Harbour resident, “we have just a few jobs in the community and a lot of the members don’t want to work. The reason is as soon as they get a job their rent goes sky high.” One Aklavik resident spoke about the importance of getting people into homeownership when they are young so they do not become dependent on public housing in the first place.

Many people spoke about the difficulties both renters and private homeowners face in managing the increasing costs of operating a household. Heating and electricity are two of the largest expenses driving this trend, and are discussed in the next section of this report. Several people told us that we need to do more to educate clients about housing programs, their responsibilities as homeowners or tenants, household budgeting, preventive maintenance and minor repairs.

Maintenance is a responsibility that some homeowners have difficulty managing, as we also heard during last year’s pre-budget consultations. Poor maintenance adds to the cost of living as it often results in higher utility bills, for example, when leaky faucets are not fixed or when furnaces are not regularly serviced. In larger centres, and in communities with all-weather road access to those centres, homeowners can purchase basic supplies and equipment, and trades people are available locally. In small, isolated communities, such as Wekweèti, a homeowner whose hot water tank stops working is faced with having one flown in unless the breakdown happens to occur during the brief winter road season. We were also told that in Wekweèti, the Housing Corporation will not allow people who have taken community courses, but who do not have their trades certificates, to carry out maintenance on houses. This inflexibility only adds to homeowners’ difficulties.

The Senior Administrative Officer for Wekweèti suggested that, with some program support from Municipal and Community Affairs, local community governments, which have more flexibility than the Housing Corporation, could stock commonly needed parts which could be brought over during the short ice road season. The Committee believes this may be a workable approach for isolated communities with brief or no road access to larger centres, and suggests the Government give it serious consideration.

Energy and Conservation

While the cost of fuel and electricity remains very high, there is still much that can be done to save money by conserving energy. As the Union of Northern Workers pointed out in its submission, there are still many homes around with single pane windows, sawdust insulation, inefficient appliances and/or 20-year-old furnaces. Individuals and groups, including the NWT Seniors’ Society, spoke

in support of education programs about conservation and preserving our resources. Although the GNWT and Arctic Energy Alliance provide some information and assistance, we spoke to people in smaller communities who were unaware of the existing programs. More education and promotion efforts need to be directed to those communities.

Many people told us they are already doing things on their own to conserve and reduce their energy costs, for example by buying front-load washers, turning down the thermostat, and turning off lights. The City of Yellowknife provided a presentation on its own energy planning work, which is well underway. However, the Committee heard that there are some areas where the territorial government needs to step in with its size and influence to help make energy conservation and alternative energies more accessible and affordable. We received suggestions that the GNWT could:

- Establish a low interest financing program for residents and small business to retrofit houses and buildings;
- Provide subsidies and/or financing programs for people to service and/or replace inefficient furnaces, install more efficient appliances such as front-load washers, purchase low-watt light bulbs, and install woodstoves or pellet stoves;
- Support pilot projects to try out new technologies such as geothermal, and be a source of seed money and/or information for people who want to try out new technologies on their own;
- In communities with diesel generators, use the waste heat for public facilities;
- Use the excess power from the Taltson hydro facility for heat in the South Slave;
- Lobby industry to build a refinery in the NWT to process northern hydrocarbons and reduce the cost of the products to local residents and businesses by eliminating the need to transport them back from the South;
- Expand the Snare hydro facility in order to continue to meet the demand for electricity in Yellowknife, and to make running ground thermal pumps for geothermal heating affordable;
- Ensure the NWT Power Corporation completes its interconnection standards as ordered by the Public Utilities Board so that alternative energy systems can tie into the grid;
- Provide incentives to builders for more energy efficient housing and/or encourage municipal governments to adopt a building code standard such as EGH80;
- Take advantage of new technologies, such as wood pellet boilers, for the GNWT's own infrastructure, which, by creating a market for the product, would in turn help to make the technology affordable for local residents and businesses.

The Committee believes the suggestion for a financing program to assist homeowners with upgrades is especially workable and could be accomplished in the near future, as it would require minimal Government expenditure, and still help many northerners achieve significant cost savings while reducing their energy consumption.

Recommendation

The Standing Committee on Accountability and Oversight recommends the Government bring forward as soon as possible a proposal for an Energy Efficiency Loan Program to provide interest-free loans on a non means-tested basis to assist homeowners to finance upgrades aimed at reducing their energy consumption costs, including, but not limited to: woodstoves, pellet stoves, high efficiency oil heaters, solar panels, improved insulation and siding, and more energy-efficient windows.

Food and Necessities

People in several communities raised concerns about the cost of nutritious food, especially fruit and vegetables, and its impact on children and seniors especially. High fuel costs are not only contributing to grocery store prices, but are also making it difficult for people to go on the land to harvest their own food. People who live close to the NWT's southern border are able to save some money by shopping in Alberta and British Columbia. In Sachs Harbour, where a litre of milk costs \$6.36, this is not an option.

To some extent, competition between businesses can help to lower prices. Unfortunately, the Government may be working against this in some cases. In one community, we heard that the income support office makes a practice of issuing clients' cheques directly to the Northmart store, although there is a competing store also doing business in the same community. The individual who brought this to our attention suggested that where there is more than one grocery store in a community, income support should work with both rather than working with one exclusively.

The Committee heard again this year that we are missing opportunities to save money by producing more of our own food. The Territorial Farmers' Association estimates that 25% of our food requirements could be produced in the NWT. As they stated, "the GNWT must consider the health and well-being of the people of the NWT and our reliance on other parts of Canada and the world for our basic requirements." The Economic Development section of this report includes more discussion of what the GNWT could do in support of a territorial agricultural industry.

In Wekweèti, where a can of beans costs \$4.50, people suggested that the diamond mines might be able to put fresh food on the flights they send into the community to pick up and drop off workers, as often the plane arrives with only one person on it. This is an idea the Committee would encourage the community to pursue, with the help of their MLA and the GNWT if necessary.

The NWT Council for Persons with Disabilities also brought to our attention the high costs of specialized necessities such as vehicles with hand controls, which, because of the relatively low demand in the territory, often have to be brought in by special order and at exceptional expense. It is also very difficult for individuals to get equipment like wheelchairs and hearing aids repaired in smaller communities. The Council advised us of one case where a vehicle sat for five years waiting to be fixed and may still be sitting. The result is that a person has been deprived of the ability to get around their community for years. In the Council's words, "the high cost of living with a disability in the NWT and remaining in the NWT is paid through inappropriate living conditions relating to accidents, lack of health, social issues including abuse, and the lack of psychological health."

Transportation

The Committee heard support for more investment in transportation infrastructure as a way to lower costs. We heard cautious support for the Mackenzie Valley Highway and Deh Cho Bridge, provided the federal government pays its fair share. We also heard support for the Tuktoyaktuk - Inuvik highway, and for chip-sealing the highway between Fort Liard and the British Columbia border. Wekweèti residents expressed concerns about what will happen to their winter road when the Colomac Mine clean-up is complete, and suggested the GNWT build a more direct road from the community to Yellowknife.

In terms of local transportation, the City of Yellowknife and Arctic Energy Alliance suggested some costs could be saved by promoting smaller vehicles, hybrid taxis, and active transportation such as walking and biking.

Childcare

Childcare is a significant expense for many NWT families. Alternatives North and the Status of Women Council both made the case to the Committee that the GNWT needs to invest in this area to meet the demand for spaces, to ensure that parents are able to participate in education and employment opportunities, and to improve the situation of child care workers, who are severely underpaid and have limited access to training opportunities.

Specific recommendations we heard are for the GNWT to:

- Increase start-up and operating grants, with a portion of increases going to staff salaries;
- End the practice of tying operations funding to attendance, and reduce delays in paying the subsidy;
- Set targets for the creation of new spaces and undertake a major initiative to improve access, including allowing day homes in public housing and establishing a capital grants program for communities where no infrastructure is available;
- Raise the eligibility ceiling for the subsidy;
- Provide support for staff to attend education and training opportunities, and funding to cover costs for temporary replacements;
- Gather more information about the need for childcare during irregular hours, and provide additional funding to meet this need in centres that require it;
- Support an NWT Child Care Association; and
- Review the childcare program, including an assessment of the impact of lack of access on women leaving education and employment.

Taxation

Both the Union of Northern Workers and MP Dennis Bevington advocated for an increase to the Northern Residency Deduction, which would have the effect of reducing the income tax burden for NWT and other northern Canadian residents. MP Bevington also spoke in support of lobbying the federal government to eliminate the GST in the three territories.

The Legislative Assembly passed a motion on February 9, 2006 calling for the Premier and Minister of Finance to immediately begin work with their counterparts in the other territories and affected provinces, as well as northern Members of Parliament, to collectively make the case to the federal government to increase the Northern Residency Deduction. Committee Members continue to support this motion and look forward to an update on the efforts to advance this issue in the Government's response to this report.

Income Support Review

Several organizations inquired about the status of the income support review. Although we heard that generally people were pleased with the consultation process, the lack of recent news on the review's status is creating some anxiety. As the NWT Council for Persons with Disabilities said, "a great deal of time went into this review and more importantly, a lot of trust and hopes." The NWT Seniors' Society expressed concerns about possible reductions: "We do not

support lower incomes for the vulnerable and the people on fixed incomes like the seniors when it costs \$17 for a four-litre jug of milk and \$4 for an orange. ...We do not want to see [seniors' benefits] taken away due to budget cuts over which they have no control in communities where the government is not recognizing the cost of living is increasing at an outstanding rate."

Alternatives North presented several specific recommendations:

- Stop the clawback of the National Child Tax Benefit and maintenance payments;
- Increase amounts for food, personal household items, transportation, telephone and school activities;
- Gradually decrease benefits with increased income, but do not make a blanket statement that people who work are better off than those receiving income security;
- Develop a poverty reduction strategy.

The Committee also received the following specific recommendations from the NWT Council for Persons with Disabilities:

- Create a separate stream for persons with disabilities apart from the general income assistance stream, as their reasons for requiring support are different and are not transient, and productive choices will not lead them back to employment. Persons with disabilities could possibly be grouped with seniors.
- Remove the funding to assist parents of children with disabilities from under the *Child and Family Services Act* regime. Parents object to having to sign a Voluntary Service Agreement with child protection services in order to receive this assistance.

Future Trends

As difficult as the cost of living is in the NWT today, the Committee heard about factors that are likely to make it worse in the future.

The first is resource development. Although many northerners will benefit through jobs and business opportunities, other individuals and families will be left behind by the pipeline and other developments. As we heard again during this year's consultations, the separation between haves and have-nots is already apparent in communities like Wekweètì, which are impacted by employment in the diamond mines. Alternatives North spoke to the need for the GNWT to have a strategy and programs for dealing with these people, possibly including increases to the minimum wage, income security rates, and more public or cooperative housing. The strategy would also allow for documenting and tracking poverty in the NWT as the economy grows. Alternatives North also urged the Government to take the position that conditions be put on the pipeline

to ensure it either benefits the north, or does not go ahead. As one Katlodeeche First Nation member said, recalling past experience with the Pine Point mine, “if they want to do business here, we should get the breaks, not them.”

The second factor that will exacerbate the high cost of living is climate change. The Committee heard that already in Sachs Harbour, the permafrost is melting to the extent that gravel pads where houses used to be cannot support new structures because water is seeping up to the surface. Communities like Wekweètì that depend on winter roads for their resupply are finding the season shorter and shorter and are concerned that eventually winter roads will no longer be feasible. All communities face less reliable air travel due to the fog and conditions associated with warmer winters. The GNWT needs to prepare for the impact climate change will have on construction and transportation costs, which will in turn raise prices of basic necessities.

WHAT WE HEARD – OTHER ISSUES

Support for Frontline Organizations

One of the main themes of last year’s pre-budget consultations was the need for better funding arrangements and improved partnerships with frontline organizations. The Committee was disappointed to hear from several groups, including Volunteer NWT, the NWT Seniors’ Society, the Fédération franco-ténoise, the Status of Women Council, the Yellowknife Association of Concerned Citizens for Seniors, and the Yellowknife Association for Community Living, that the situation has not improved much since last year.

As we heard from Volunteer NWT, “while being experts at stretching every dollar as far as it goes, there does come a time when a group can’t do the same, let alone more, with less.” Frontline organizations continue to struggle with insufficient project funds, lack of forced growth funding, lack of funding to provide wage parity, training and adequate supervision and support for staff, inadequate project administration and core funds, delayed receipt of signed contracts and contribution agreements and attached funding, the need to submit multiple proposals to fund programs, short-term project funding which results in programming being interrupted to the detriment of clients, and lack of multi-year funding resulting in insecurity and the inability to do longer range planning such as committing to long-term leases for space and equipment.

The Fédération franco-ténoise captured the frustration of many groups in its submission, writing that rising operating costs make “the delivery of our services difficult, and even puts it in jeopardy, because, while our costs are increasing, the territorial government’s contribution has stayed at the same level for almost a decade. ...having us deliver services to the francophone community is an

excellent way to lower the government's costs, since we manage to deliver services at less cost, although this is no justification for keeping the contribution at the same level for so many years." The Committee was most alarmed by concerns from service providers that insufficient funding is in some situations putting clients' well being and safety at risk, and could have very serious consequences. For example, the Yellowknife Association for Community Living warned that staff/client ratios are too high, resulting in "inadequate supervision of vulnerable adults, poor case management practices, and stress as staff is unable to complete reports and contribute to client program planning."

Hiring and keeping staff and volunteers continue to be a challenge for frontline organizations. In the words of Volunteer NWT, "funding arrangements which don't allow a group to attract, train and retain staff not only threaten the sustainability of services, they destroy morale and, in some cases, the organizations themselves." Inadequate funding is demoralizing not only for staff, but also for volunteers who may end up having to focus their efforts on fundraising, which often is not what they signed up for. This is a serious concern, as there are already other factors that make volunteer recruitment difficult. For example, one Wekweètì resident told us, "the economic climate has killed volunteerism".

As a specific example, the Committee heard that the community justice committee program, which saves the Government a great deal of money by diverting cases from the courts, is in trouble. Many communities have recently lost coordinators to higher paying jobs, and program funding has not kept up with demand. Yellowknife's Justice Committee Coordinator advised us that their caseload has increased sharply, from thirteen in all of 2004-2005 to thirteen per month in each of June and July 2006. As she stated, this is "a very, very good program that, because it is not being adequately resourced, is at risk of failing today."

The GNWT's demands for applying and accounting for funding, especially where multiple sources (and multiple reporting formats and requirements) are involved, also continues to be a major concern. While accountability is important, there is clearly room for the GNWT to be more flexible in its expectations.

An example brought forward by the NWT Seniors' Society provides a case in point. The Society's major funder, the Department of Health and Social Services, ordinarily requires a report by the end of June. The Society was advised by its auditor that if they could wait until July, August or September, the cost would be one third of what it would be earlier in the year during the peak demand. What happened next? In the Society's words, "we went back to our major funder and said, can the rules be changed? Can we, for instance, wait until August to report to you people and save ourselves two-thirds of that money? ... The ruling from

FMB is no, the rule is the rule. You have to report in 90 days. Everybody has to do the same. That is just a small area where you go, hmmm, this doesn't make any sense to do it this way."

As Volunteer NWT stated, "voluntary groups want to be accountable to the community, their directors and government for the public money they receive to do their work. The issue is the clarity and reasonableness of accountability requirements, and of course a group must have trained staff to do the reporting, which can be quite onerous." This leads to one of Volunteer NWT's specific recommendations, which is for the GNWT to provide a standard twelve percent program and project administration fee across the board.

Some frontline agencies also voiced concerns about communications and their overall relationship with the GNWT. Complaints included lack of current information about funding and policy development, lack of opportunities to participate in policy and program development, and failure to listen to community input. One organization expressed a concern that increasingly the GNWT seems to expect leadership from them and does not recognize they are already overwhelmed with day-to-day responsibilities and have minimal time for strategizing or for anything else. As the Yellowknife Association for Community Living said, "Government departments have an expectation that voluntary sector organizations be involved in consultations and these organizations want to be involved. Lack of 'core' funding reduces our ability to participate and places increased strain on already stretched resources."

Volunteer NWT indicated it is in discussions with the GNWT about striking a working group to discuss and resolve the funding and relationship issues between the GNWT and frontline organizations. In their view, the response has been receptive, although the GNWT has indicated to them that it wishes to conduct an internal review of its policies and procedures before the working group is established. While Volunteer NWT supports the GNWT's intent to do this internal work in advance, it urged the GNWT to set firm timelines for this work to be completed, and to ensure that these issues remain a priority.

The Committee cannot emphasize strongly enough the importance of frontline agencies and workers, and urges the GNWT to act quickly to end the crisis and ensure they continue to be a viable part of our society. In the words of the NWT Seniors' Society, "many groups have laboured and enhanced community by their spirit and devotion to many causes over the years." What a tragedy it would be if this social infrastructure that took decades to build were to collapse. As the Yellowknife Association for Community Living told us in a plea for government support, "these are the organizations that provide direct service. These are the organizations that know the needs of the people they serve and cannot meet these needs with the funding received. These are the organizations

that are no longer able to provide their current level of service and are actually reducing service or at the point of having to make that decision. These are the organizations whose members have the experience and skills to lead.” These are the organizations we cannot afford to lose.

Government Operations and Efficiency

The most widely mentioned concern about the GNWT’s operations was with the transfer of the social housing program to Education, Culture and Employment, which has not rolled out smoothly at the community level. Both the NWT Seniors’ Society and NWT Council for Persons with Disabilities indicated the transfer has created confusion and raised concerns about the level of service. The Committee heard of an Aklavik elder who received a letter informing her of the changes, and misunderstanding it to mean she would be evicted, was under a great deal of stress and ready to move to her bush camp. As one Aklavik resident told us, “even the staff don’t fully understand all the changes or why.”

In Sachs Harbour, the Committee heard that housing paperwork is now being sent to Inuvik because there is no local income support worker. Residents pointed out that this creates additional administrative costs, as well as adding to the workload of the Inuvik staff and creating delays with the processing of housing documents. It is difficult for community members to understand why the local housing staff cannot continue to handle the documents when this would clearly result in a much more efficient process.

Another concern about government inefficiency was raised in Wekweètì, where the Committee heard concerns about income support’s practice of not delivering fuel while tenants are away, which, as one resident said, makes clients “prisoners in their own houses”. In one case, the refusal to deliver fuel resulted in \$25,000 worth of damage, which could have been avoided by putting \$200 worth into the tank.

Other specific suggestions the Committee received to improve Government operations and efficiency were:

- elected, rather than appointed, boards for major agencies such as health and education authorities;
- more GNWT decentralization to boost smaller communities’ economies;
- downsize and privatize government services like Public Works and Services;
- allow the use of southern air carriers for medical travel where this is more cost effective, for example, in Fort Liard.

Policy and Strategic Initiatives

The Status of Women Council reiterated the recommendations it made last year for the GNWT to develop a gender analysis policy, provide resources to encourage women's participation on boards and agencies, which may include compensation for childcare, and support leadership training for women to address barriers and encourage their participation in determining future directions for the NWT.

The Status of Women Council also recommended once again that the GNWT establish a position to act as a focal point for issues related to immigration and newcomers, review the impact of newcomers on programs and services, and provide funding to educate immigrants about their rights.

The NWT Council for Persons with Disabilities and the Yellowknife Association for Community Living both listed the Disability Action Plan as a priority and indicated it is time for an update and status report to "re-evaluate, see what is working and what needs to be re-examined". The Yellowknife Association also recommended the GNWT renew its commitment to inclusion for all by attaching resources to this statement.

Health

The Committee heard many concerns about the level and frequency of service available in small communities. In Wekweètì, which has a high rate of tuberculosis, people told us that they need more regular health care. Sachs Harbour residents told us that mental health workers only visit every one or two months for a day or two at a time. The lack of continuity makes it difficult for people who are struggling with addictions to establish relationships with workers and open up about their problems. People returning from southern treatment facilities find they have no support. The lack of access to mental health workers also affects academic success in the school for students who need help. One resident requested that an outpost camp be established near the community for residential school healing.

The Yellowknife Association of Concerned Citizens for Seniors made a number of specific recommendations in support of elders' health: up-to-date equipment and facilities for elders, including a dementia facility; more assisted and supported living services to fill the gap between home care and long term care; and up-to-date standards, policies and practices for elder care in plain language.

The Yellowknife Association for Community Living requested research on supported living options and the implementation of best practices. As they pointed out, supported living programs assist clients with practical needs, and

often save money by helping clients to participate in education, employment and social aspects of our communities, and by avoiding the need for more expensive programs.

The Committee also received a recommendation from the Status of Women Council for increased funding for HIV/AIDS awareness and education.

As we did last year, the Committee heard requests for additional funding for addictions treatment and mental health services. In support of this request, Ms. Lydia Bardak, who is active in several Yellowknife community service groups, stated that the North Slave Correctional Centre is “the largest shelter for homeless, addicted, abused and traumatized people. ... If we had adequate resources to assist those with abuse issues or addictions, we would not need to have moved them from mental health institutions to correctional facilities. There is no cost savings there.” Ms. Bardak specified that the need is not for treatment facilities, but for better resources for existing programs. The Status of Women Council expressed concerns with the Chalmers report, which stated there would be no new drug and alcohol initiatives, including youth initiatives. The Council urged the GNWT to make comprehensive drug and alcohol treatment programs a top priority and “enter immediately into dialogue with all concerned parties, including the Federal Government, who has expressed concern and interest in this area.”

Family Violence

The Committee heard from both the NWT Seniors’ Society and Status of Women Council that there is a need to continue support for the Family Violence Action Plan through Phase II, including continued public education and training on the *Protection Against Family Violence Act*, continued support for the Coalition, the provision of safe homes and funding for programs and services. The need was highlighted by the NWT Seniors’ Society, who said, “sadly, I have heard caregivers say we have not taken one step forward in twenty years when it comes to eliminating family violence. This cannot continue. Caregivers and other professionals must be given the resources and the tools to build our future.”

The Council, as they did last year, further recommended additional resources for transition houses, and that the houses be funded directly rather than through regional authorities as there have been instances of authorities not passing along all of the designated funds from the Department. As the Council pointed out, abused women and their children are sometimes transferred from one region to another, and the network of transition houses should therefore really be seen as a territorial, rather than a regional program.

The Council also repeated last year's recommendation for a major new initiative in collaboration with stakeholders to address the high level of sexual assault and sexual abuse.

Education and Literacy

Comments on education reflected many of the issues the Committee heard during last year's pre-budget consultations. We heard again that the funding formula is inadequate for small schools and does not allow for a critical mass of staff and programming. We heard there is a need for better resources for high schools in small communities so that students do not have to upgrade after graduation before they can access post-secondary education. We also heard a request for more on-the-land programming.

The Status of Women Council reiterated last year's recommendation for a strategy to increase the numbers of women in trades and technical occupations, including ways of addressing child care and mentoring needs.

The NWT Literacy Council provided a written submission with recommendations to: position literacy as a policy and funding priority and work with other stakeholders to renew a comprehensive Literacy Strategy; undertake a review of the Adult Learning and Basic Education (ALBE) system to identify gaps in service and explore ways to better support adults with low literacy skills; have all departments review their policies and programs through a literacy lens; and work with the federal government to move forward with a national strategy or system for adult literacy and basic education.

Mayor Martselos of Fort Smith suggested the GNWT fund more use of the Thebacha campus Aurora College facilities, which are underutilized during the summer, and could be used for programs such as pre-trades training and summer schools.

Economic Development

As we did last year, the Committee heard a number of suggestions for how the GNWT could better support economic development in areas other than the non-renewable resource sector.

The NWT Tourism Association requested that the GNWT look at removing the fuel tax for gas used in boats and for fuel used for generators in remote locations. Some communities also requested specific support. For example, Wekweèti residents suggested the community has potential as a side trip from Yellowknife, but needs assistance to develop that. A consignment store for local arts and crafts to capture at least some revenue from business travelers was suggested

as one place to start. Fort Smith Mayor Martselos pointed out that community is losing many tourists due to the poor condition of the highway, and requested the GNWT make chip-sealing that highway a priority. As he said, “when [tourists] ask if it’s pavement or gravel and they hear ‘gravel’, they don’t come”.

The Territorial Farmers’ Association urged the GNWT to look seriously at our renewable resource potential, and in particular at agriculture. Neglect of the agricultural sector is causing us to miss out on opportunities to increase our self-reliance, lower food prices, create a local industry, and access and leverage federal agriculture funding. As discussed earlier in this report, the Association recently completed a study targeting a 25% market share of NWT consumption. The study estimated that achieving this target would create 30 jobs in agricultural operations, 37 jobs during the construction phase, have an on-going impact on the GDP of about \$4.4 million, and require 7,500 acres.

The Association reiterated several of the specific recommendations it made last year for: the GNWT to: work with the Association to set a clear vision for agriculture in all NWT regions; research, pilot and demonstration projects; establish an agricultural reserve designation, identify arable fertile land, and protect it as a sustainable natural resource, including small parcels near communities; exempt farm equipment from registration requirements under the *Motor Vehicles Act*; leverage federal program dollars; reexamine the criteria for assessment of agricultural land under the *Property Assessment and Taxation Act*; and provide off-road fuel rebate for equipment primarily used in agricultural and harvesting activities.

The Association also expressed concerns that it often finds out about GNWT policy and planning initiatives after the fact, and asked that in future the GNWT keep the lines of communication open and work more closely with its members. As the Association told us, “if we don’t start working together, we are going to lose a lot of money that could come to the Northwest Territories for agriculture.”

The Committee also received a recommendation from Mr. Sonny McDonald for more GNWT support for the arts and crafts sector, and for the establishment of NWT Achievement Awards for the Arts. As Mr. McDonald pointed out, the NWT Arts Council cannot meet the demand for funding with its current budget. The result is that some artists are turned down outright, and others receive only part of what they requested, which often means they cannot complete their projects. In Mr. McDonald’s words, “many years ago before the diamond mines and the pipelines occurred, the arts and crafts in the Territories were a big money-making thing, in excess of \$36 million. ... In the past four or five years, we’re lucky if we bring \$2 million or \$4 million to the coffers. So you know, it tells you something.”

CONCLUSION

Once again, the Committee would like to thank all those who spoke at our hearings or provided written submissions. We look forward to the Government's response to this report.

Recommendation

The Standing Committee on Accountability and Oversight recommends the Government provide a comprehensive response to this report within 120 days.

APPENDIX 1

Accountability and Oversight Committee Pre-budget Consultations List of Presenters

Thursday, August 17, 2006

Yellowknife

- Floyd Roland, Minister of Finance
- Beatrice Campbell and Barb Hood, NWT Seniors' Society
- Byrne Richards, Tree of Peace Friendship Centre, Yellowknife
- James Anderson, Private Citizen
- Dennis Bevington, Member of Parliament for the Western Arctic and Tara Kearsy, Constituency Assistant

Friday, August 18, 2006

Yellowknife

- Bill Graham and Aggie Brockman, Volunteer NWT
- Ben McDonald, Arlene Hache and Aggie Brockman, Alternatives North
- Sharon Thomas and Lorraine Phaneuf, Status of Women Council of the NWT
- Cornelius Suchy, Biomass Energy, Revelstoke BC

Monday, August 21, 2006

Fort Smith

- Peter Martselos, Mayor, Town of Fort Smith
- Henry Beaver, Private Citizen
- Lea Storry, Slave River Journal

Tuesday, August 22, 2006

Aklavik

- Evelyn Storr, Senior Administrative Officer, Hamlet of Aklavik
- Arnie Stienward, Local Businessman

Fort Resolution

- Terry Villeneuve, President, Deninue K'ue Seniors Society
- Marcel Norn, Elder
- Sonny McDonald. Chairperson, NWT Arts Council

Wednesday, August 23, 2006

Sachs Harbour

- Ted Elias, Private Citizen
- Donna Keogak, Manager of the Community Corporation and Chair of the Housing Committee
- Samantha Lucas, Private Citizen
- Joey Carpenter, Private Citizen
- John Keogak, Private Citizen
- Mary Connolly, School Principal
- Beverly Smith, School Teacher
- Jackie Kuptana, Business Owner and Private Citizen
- Andy Carpenter, Mayor, Hamlet of Sachs Harbour
- Lucy Kudlak, Private Citizen
- Benjamin Goose, Private Citizen
- Geddes Wolki, Private Citizen

Hay River Reserve/K'atlodeeche First Nation

- Evellyn Coleman, Territorial Farmers Association
- Arthur Martel, Member, K'atlodeeche First Nation
- Alex Sunrise, Chief, K'atlodeeche First Nation
- Ron Cook, Councillor, Town of Hay River

Thursday, August 24, 2006

Fort Liard

- Mike Drake, Mayor, Hamlet of Fort Liard
- Irene McLeod, Private Citizen
- Joan Peddle, Local Nurse
- George Jooris, Private Citizen
- Alphonse Janvier, School Principal
- John Peddle, Private Citizen

Friday, August 25, 2006*Wekweèti*

- Nora Jean Gerior, Adult Educator, Aurora College
- Randy Bergon, Senior Administration Officer, Hamlet of Wekweèti
- Bobbie Boline, Private Citizen
- Johnny Arrowmaker, Town Foreman

Tuesday, September 5, 2006*Yellowknife*

- Steven Meister, President, Yellowknife Chamber of Commerce
- Jane Whyte, Executive Director, Yellowknife Association for Community Living
- Cecily Hewitt, Executive Director, NWT Council of Persons with Disabilities
- Mark Henry, Energy Coordinator, City of Yellowknife and Andrew Robinson, Arctic Energy Alliance
- David Gridlay, Executive Director, and Linda Unger, Communications Manager, Northwest Territories Tourism
- Dale Thomson, Vice-Chair, Yellowknife Education District No. 1
- Lydia Bardak, Coordinator, Yellowknife Justice Committee and Voluntary Chair, Yellowknife Homelessness Coalition
- Greg Debogorski and Vivian Squires, Yellowknife Seniors' Society

APPENDIX 2

Accountability and Oversight Committee Pre-budget Consultations Written Submissions

- Todd Parsons, President, Union of Northern Workers
- Cate Sills, Executive Director, NWT Literacy Council
- Léo-Paul Provencher, Executive Director, Fédération franco-ténoise
- Sandra Taylor, President, Yellowknife Seniors' Society
- Dan Costache, President, Yellowknife Association of Concerned Citizens for Seniors (YACCS)