

**AN ESTIMATE OF COSTS -  
CREATING AND OPERATING THE  
GOVERNMENT OF NUNAVUT**

**August, 1992**

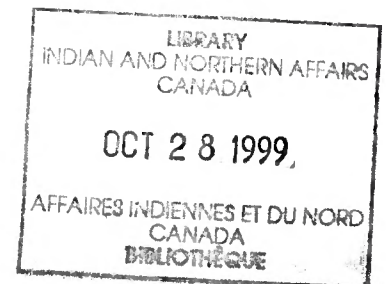
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**DEPARTMENT OF INDIAN AFFAIRS AND  
NORTHERN DEVELOPMENT**

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## GLOSSARY OF TERMS

"GNWT Study"	Financial Impact of Division of the Northwest Territories - Phase I Report - The Coopers & Lybrand Consulting Group for the Government of the Northwest Territories - 1991.
"Western Government"	The government that will remain in the western arctic after the Government of Nunavut becomes operational.
GNWT	Government of the Northwest Territories.
TFN	Tungavik Federation of Nunavut.
NIC	Nunavik Implementation Commission, created pursuant to the Political Accord.
Political Accord	The document initialled by representatives of Canada, TFN and GNWT that sets out mutual responsibilities during the transition to April 1999, the point at which the Government of Nunavut becomes a legal entity.

## 1. EXECUTIVE SUMMARY

This study is a federally sponsored study to assist in the determination of costs to implement the new Nunavut government, and provide for it's ongoing operations.

This study was undertaken to provide the Federal Government with an estimate of the costs associated with the creation of Nunavut, a structure for the government, and timeframes for implementation. Though the detailed parameters of the project changed somewhat over the course of the study, these basic objectives remained unchanged.

The methodology for the study evolved as the stakeholders became more familiar with the challenges they faced. Originally the cost of running two discreet governments was to be estimated. Estimates were to be developed for alternate structures, at a single point in time. As the importance of the transition process became clear, the study was altered to address costs associated with establishing a "start-up" administrative structure, managing a transition process, and finally running a fully operational government at the end of the transition process. Estimates would cover two governments, where there had previously been one. During this study period the GNWT embarked on a process of major restructuring. As a consequence it was decided costing of the new Western Territory would be too speculative. The study was ultimately refined to estimating the costs of creating and operating the Government of Nunavut, and the costs of any transition process involved. The baseline department-level data generated in the GNWT Study provided the initial data base for this work and remains the only information currently available for the Western Government.

Part of the mandate for this study was to review earlier work and assess it's relevance to establishing costs for the creation of Nunavut. Background research for this study identified

nine other pieces of work that touched upon the creation and management of a government for Nunavut. Some of this preceding work was useful as an initial reference point, but the very different directions and needs underlying this study made direct comparison of findings, or utilization of anything other than some baseline data, impossible. Specific detailed examination of reorganization and streamlining possibilities, and detailed examination of the transition process, distinguish this work from its predecessors.

Developing a new public government in Nunavut will not occur in isolation. Other initiatives are underway. They will have an impact on the pace and direction of development of public government. The Tungavik Federation of Nunavut Land Claim Final Agreement, the contents of the current Nunavut Political Accord, which outlines the commitments of Canada, GNWT and the TFN, enabling Legislation, the GNWT Commission for Constitutional Development and the GNWT "Strength At Two Levels" report all influenced this study, and will continue to affect the development of government in Canada's Arctic.

Stakeholders assisted in identifying the needs and directions governing the conduct of this study.

1. There were to be no predetermined limits concerning the structure for government: the organization was to be designed to meet the needs identified.
2. The structure of the Government of the West was assumed to be constant, as was the cost data generated for the GNWT Study.
3. The two governments that would emerge from the process of Division would be legally distinct and of equal status.

4. The structure of government would enhance local accountability and community based decision making.
5. The level of service currently available to citizens would be maintained uninterrupted during development of the new government. The current structure for delivery of regional services will remain intact.
6. The cost of creating and operating the new government would reflect the scope of its responsibilities and the nature of the geographic region and citizens it would serve.
7. The level of immigration associated with creating and operating the new government was to be minimized.

In combination these directions created a framework very different from that used in previous work. The capacity to custom design the structure to meet the needs of the Eastern Arctic, rather than duplicate existing structures, in conjunction with the direction to enhance community-based decision making and maintain services, removed many of the restrictions surrounding other work, and created opportunities to streamline and simplify structures.

The structure initially considered as part of this examination was a highly regionalized form of government. Analysis of this approach revealed significant difficulties, including uncertainty surrounding the meaning of decentralization or community based decision making, and problems with the interface between the administrative and political levels of government. A revised structure was developed. Though slightly less regional in form, it addressed the concerns associated with the first approach, while maintaining the capacity to use community structures where appropriate. It utilizes for program delivery departments, supported by a group of core administrative and support functions.

The transition process was designed to meet

several specific realities. There are already several levels of government operating in the North. There will be a long period of interdependence between the governments of the East and West while they reestablish themselves as distinct entities, and maintain existing service levels. Of particular importance was the direction to minimize the amount of immigration needed to staff the new organization.

A five phase transition process is proposed. The first two stages (1992/93 and 1993/94) are used to establish a basic decision making and strategic planning infrastructure, and put in place the framework for those functions identified as essential to create and maintain a territorial government. Legal, financial and legislative capacities are among these functions. At the end of the third phase (1994 to 1999) the Government of Nunavut comes into existence. At this stage the government is the essential functions only. Remaining services are delivered through agreements with other governments or institutions, with the GNWT playing a major role. In stages four (1999 to 2004) and five (2004 to 2008) the new Government undertakes progressive direct delivery of services in accordance with the development of its technical and human resource capacities. This transition process commences with appointment of the Nunavut Implementation Commission, and ends in 2008. The essential functions commence operations in 1999, with the first transfer of direct program delivery occurring in 2004.

A "short transition" plan is also set out. This plan would have all programs come under the direct administration of the Government of Nunavut in 1999. The transition process would end at that point. This scenario is set out to show the implications of extending the transition over a larger period of time in respect of underlying objectives and assumptions. As an example, the short transition highlights the fact that the more gradual phased approach will reduce significantly the amount of in-migration necessary to run the new Government.

Once fully operational, the Government of Nunavut would have 930 employees, not including the 705 now providing services at the regional level. Under the long transition plan about 175 of these positions would be filled through local hiring. Under the short transition only \_\_\_\_\_ would be hired locally. Annual operating costs for government programs are estimated to be \$366 million. Building the capital infrastructure to support the new government and its employees, including capital at the community level, to be spent between now and 2008 is estimated to cost about \$200 million.

When fully operational the government will cost \$\_\_\_\_\_ per year to run. Anticipated revenues will be \$\_\_\_\_\_ per year. In combination of the Government of Nunavut and the Western Government will cost \$\_\_\_ per year. This represents an increase of \$\_\_\_ over current federal expenditures.



# CREATING and OPERATING the GOVERNMENT of NUNAVUT

## Summary of Key Information

	For a Transition Completed by 1999	For a Transition Completed by 2008
<b>PERSON YEARS</b>		
Headquarters		
Local Hires	129.0	177.0
Non-locals	801.0	753.0
Total Headquarters	930.0	930.0
Regional	705.5	705.5
<b>Total PY Complement</b>	<b>1,635.5</b>	<b>1,635.5</b>
<b>ANNUAL COST OF FULL OPERATIONS</b>		
	<i>(thousands of 1991 dollars)</i>	<i>(thousands of 1991 dollars)</i>
Capital Expenditures	\$75,000.0	\$75,000.0
Government Facilities Operating & Maintenance Costs	\$2,848.5	\$2,736.4
Community Expansion Operating & Maintenance Costs	\$10,061.5	\$8,993.9
Core Functions Operating Expenditures	\$62,540.8	\$62,540.8
Program Functions Operating Expenditures	\$125,865.0	\$125,865.0
Agency Functions Operating Expenditures	\$124,073.6	\$124,073.6
<i>Total Headquarters Costs</i>	<i>\$400,389.4</i>	<i>\$399,209.7</i>
<i>Total Regional Costs</i>	<i>\$233,177.0</i>	<i>\$233,177.0</i>
<b>Total All Costs</b>	<b>\$633,566.4</b>	<b>\$632,386.7</b>
<b>ANNUAL REVENUES</b>		
	<i>(thousands of 1991 dollars)</i>	<i>(thousands of 1991 dollars)</i>
Core Functions Revenues	\$43,407.0	\$43,407.0
Program Functions Revenues	\$157,359.0	\$157,359.0
Agency Functions Revenues	\$93,861.0	\$93,861.0
<i>Total Headquarters Revenues</i>	<i>\$294,627.0</i>	<i>\$294,627.0</i>
<i>Total Regional Revenues</i>	<i>\$0.0</i>	<i>\$0.0</i>
<b>Total All Revenues</b>	<b>\$294,627.0</b>	<b>\$294,627.0</b>
<b>INCREMENTAL COSTS</b>		
	<i>(thousands of 1991 dollars)</i>	<i>(thousands of 1991 dollars)</i>
<b>One Time Up To Full Operations</b>		
Training of Locally Hired Appointments	\$1,532.8	\$2,136.4
Other Transition Costs	\$13,886.4	\$13,939.1
Government Facilities - capital expense	\$69,040.4	\$69,040.4
- operating expense	\$31,296.9	\$25,565.8
Community Expansion - capital expense	\$241,408.1	\$232,267.2
- operating expense	\$109,844.6	\$78,558.4
<b>Total One-Time Incremental Costs</b>	<b>\$467,009.1</b>	<b>\$421,507.3</b>
	<i>(thousands of 1991 dollars)</i>	<i>(thousands of 1991 dollars)</i>
<b>Annual Costs After Full Operations</b>		
new wage & salary costs	\$62,621.4	\$62,621.4
new personnel costs	\$2,946.1	\$2,946.1
new cost-of-living allowance	\$32,930.5	\$32,930.5
O&M + G&C costs for Core Functions (net of revenues)	(\$18,628.5)	(\$18,628.5)
O&M + G&C costs for new Boards & Commissions (net of revenues)	\$4,000.0	\$4,000.0
O&M costs for government facilities	\$2,848.5	\$2,736.4
O&M costs for community expansion	\$10,061.5	\$8,993.9
<b>Total Annual Incremental Costs</b>	<b>\$96,779.4</b>	<b>\$95,599.7</b>

## 2. INTRODUCTION

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### OBJECTIVE OF THIS REPORT

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Dividing the Northwest Territories into two distinct regions with independent governments represents a major step in the process of recognizing the needs and aspirations of the citizens of Canada's north. The Boundary vote has been conducted. The Land Claim vote will occur in November, 1992. When this is completed attention will turn to developing the administrative framework for the new governments.

Empowering and equipping new organizations to carry out the complex processes of government is not an easily proscribed project with a distinct beginning and end. Rather, it is an evolutionary process that, to be successful, must reflect the realities of existing circumstances and the gradually emerging consensus among citizens of the North concerning the kind of government they wish to have. This will be a dynamic and changing process. It will require a great deal of communication, understanding and cooperation among those involved. It will also require a great deal of information.

This report is designed to be a stage in the continuing process of generating and refining information in support of this process. Other work has gone before it, and a great deal will follow.

The directives and assumptions used to guide the work covered by this report were provided by the Federal government, and differed significantly from previous work. In particular they permitted re-examination of existing organization structures and processes in terms of the needs and realities of Nunavut. They also acknowledged the importance of the transition to a fully operational institution. The

structure for which costs were to be determined did not have to be a mirror image of any other government, and the process of getting from "here" to "there" was to receive more specific attention than it had previously.

This expanded approach moved this study from an effort to further refine costing of a "mirror image" organization (Nunavut was to parallel the existing GNWT structure in the GNWT Study) to costing of a preliminary strategic plan for transition, and the final results of that transition. This report has more strategic content than previous work. A summary assessment of previous work is found in Appendix A.

Although some have referred to this study as a "blueprint" for transition it is more accurate to think of it as a "preliminary indication" of what the process and its costs could be. It is a point from which the journey can begin. The final "blueprint", and the commitment to carry it out, can come only from those living and governing in the North, and those who support their efforts.

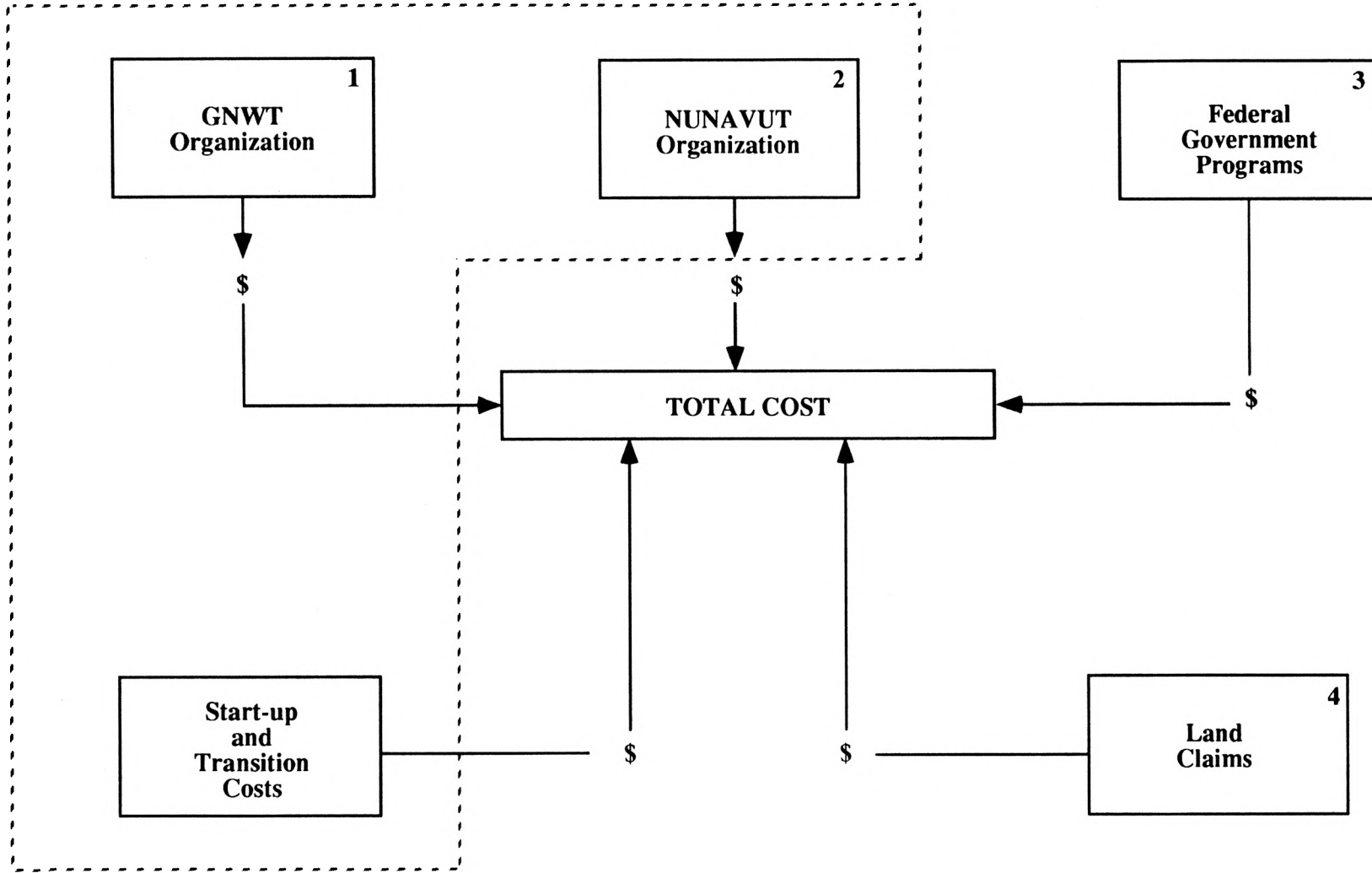
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### IMPORTANT REALITIES

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This study must be understood within the overall context of the principles and assumptions outlined in Appendix B. The current realities of population size, growth and dispersion, unemployment and education, and the influence and variable structures of local and regional governments are also relevant facts. They are facts that have influenced the assumptions and needs identified by stakeholders. They are facts that will determine the pace and direction of changes in government structure and service delivery in the Eastern Arctic. The design of the organization for governing Nunavut, and the

# SCOPE OF COSTING



transition process for implementation are, in essence, an attempt to cope with these facts. Approaches to organization design and costing different from those recommended in this report would have to be evaluated in terms of their capacity to effectively address the issues raised by these potent realities.

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## STUDY SCOPE AND GENERAL METHODOLOGY

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Evolution of this study must be understood within the context of previous work, and the circumstances that prevailed during the term of this undertaking (Appendix A). This report now reflects needs as they emerged, and as such differs significantly from original intentions and previous work.

### *THE ORIGINAL APPROACH*

The original approach to costing, outlined in The Coopers & Lybrand Consulting Group (CLCG) response to the Request for Proposal, indicated that the process would require development of a consensus among stakeholders concerning the major principles and needs to be accounted for in the development of potential organization designs. After developing a consensus, three alternative designs for the new organization would be proposed. Consensus on the suitability of these alternatives would lead to costing of each.

This approach would produce costs for three alternative organizations, at a single point in time.

### *THE NEXT STEP*

As support material was evaluated and preliminary discussions held with stakeholders, it became evident a costing approach anchored to a single point in time would not provide the information needed to support decision making since some identified needs involved a transition process.

At the January 13 and 14, 1992 meetings in Edmonton a new approach was adopted. Instead of costing three alternatives fixed at one point in time, CLCG would cost the "core services" needed for a start-up structure for Nunavut, a "full services" structure for Nunavut start-up, a "full services" structure for Nunavut at the end of a transition period, and a "full services" structure for the GNWT at the end of the same period (Enclosed portion of Exhibit 1).

Federal government costs and costs directly linked to land claim settlements were not to be included.

This approach recognized the importance of determining and costing the mandate and functions to be in place at start-up in order to plan and cost the transition period to that point. It also recognized the emerging reality that it would not be possible to put in place a fully functioning government at start-up and still meet the principle of minimizing immigration.

### *THE CURRENT APPROACH*

Although technically valid given assumptions at that point, the approach adopted at the Edmonton meeting became unsound because of the GNWT decision to begin implementing parts of the "Strength at Two Levels" report. The structure of the GNWT had become a "moving target". It was not possible to sustain the assumptions needed to put in place a structure for the NWT that could be costed effectively. To do so could also have been perceived as unsolicited speculation on the final cost of a long term redesign of an existing organization; a sensitive exercise to be led by the elected members of the GNWT legislature.

It was agreed that the costing undertaken in this work would encompass the cost of transition to April 1, 1999, the cost of a group of core government functions in place on April 1 1999, and the cost of "full operations" by government on that date. As well there would be an estimate for the cost of full operations at a specific transition point, to be determined by identifying the point at which there would be

insufficient benefits to further delay in the transfer of services. There would be no costing of any operations of the GNWT, beyond that already available from the GNWT Study, in acknowledgement of the likelihood of changes emerging from the combination of implementation of "Strength at Two Levels" and the recommendations of the Western Constitutional Commission.

study. The issues involved are complex and sensitive. The affected parties dealt with them effectively, and provided the consulting team with the timely and clear directions essential to completion of such a complex task within specified time frames.

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## IMPORTANT THEMES

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Several themes have consistently appeared during the consultation process undertaken during this study. The concept of evolution has been mentioned. Those involved know they are involved in a change process, and that the process will be driven by the needs they identify and the objectives they choose to pursue. The level of interdependence is also recognized. As the discussion of organization design will point out, new organizations and approaches will emerge from current realities. Those involved are and will remain dependent on each other. There are also significant limitations faced by those involved. Difficulties of population size and dispersion, limited quantities of human and financial capital and the challenges of maintaining existing services, while also managing a complex change process, have a major impact on the processes and options available.

This report is tabled in a spirit of cooperation and shared objectives. This approach is essential to carrying out this difficult process. We acknowledge not everyone will agree with every element of the approaches we have suggested or the costs we have identified, but we hope our attempts to work within the directives provided have resulted in a framework from which meaningful and cooperative planning and decision making can begin.

We would like to note in particular the extremely co-operative and constructive approach taken by all stakeholders during this

### 3. ORGANIZATION DESIGN

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#### THE NEW ORGANIZATION - A QUESTION OF BALANCE

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##### *ORGANIZATION STRUCTURE*

The organization design set out in Exhibit 2 was developed using the methodology outlined in detail in Appendices C and D. It addresses the challenges raised by the stated principles and assumptions (Appendix B), and the valid concerns raised by stakeholders, particularly those based on the experience of the GNWT Deputy Ministers. The design addresses the two major categories of concerns raised:

- 1. Regionalization** All Deputy Ministers are now responsible for a functional area: there are no Deputy Ministers exclusively responsible for a specific region. The need to reflect regional influences is accommodated through the direct link between the Deputy Minister and the program director in each region. Those responsible for a program in a region have direct access to senior level decision makers and policy support, and will be able to ensure regional needs and realities are considered in the process of policy development and service design. Regional program directors are accountable for all aspects of program delivery in their region. This approach addresses the concerns of stakeholders, while also maintaining a strong regional influence.
- 2. Functional Groupings** There are four program groups used in this approach. This will produce a more symmetric distribution of responsibilities, and addresses expressed concerns about coping with an overly broad range of program responsibilities. This still represents a significant collapsing of programs and will

permit development of an efficient and effective structure. Putting senior level policy and advisory staff in the deputy minister's offices, for example, will permit a more efficient use of support materials such as information systems and support staff.

This is an important characteristic of the proposed organization. Because the pool of skilled analysts will be limited, it is critical that the synergy and efficiencies gained by having those involved in similar or overlapping disciplines working closely together be utilized. The re-deployment of positions anticipated in the costing exercise reflects our judgments concerning the efficiencies possible through this approach.

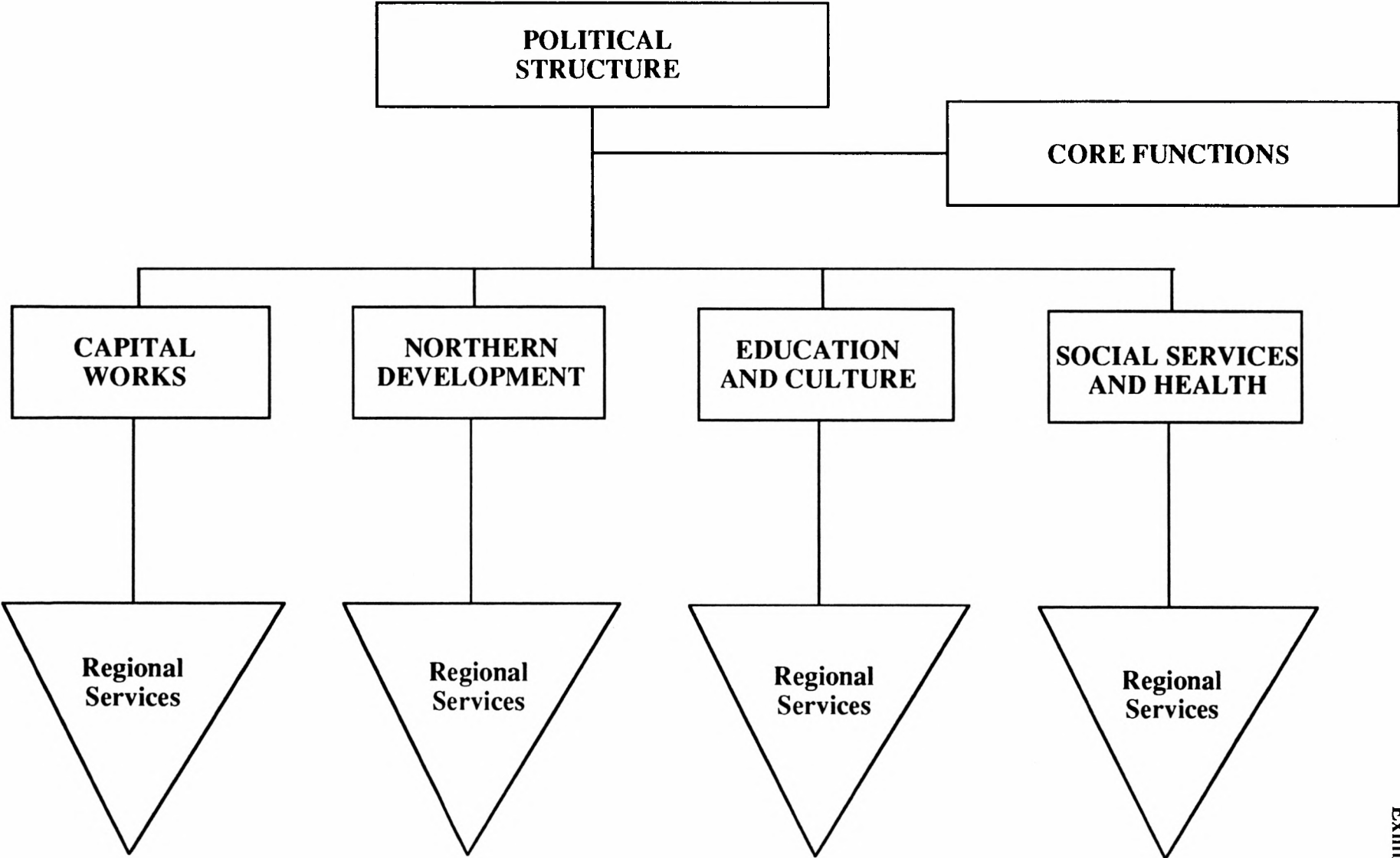
As the detailed charts in Appendix D indicate, this approach acknowledges existing Boards and Agencies, ensures a single deputy minister is responsible for finance, human resources and related support services in each region, and accommodates further allocation of responsibility to local government as the parameters of regionalization are further refined among stakeholders, and local capacity grows.

Use of this approach to program grouping also addresses concerns about accountability. There would be a single Deputy Minister and politician responsible for each program grouping.

##### *MANAGEMENT PROCESSES*

The structure reflects our belief that management processes and systems can be used to enhance the responsiveness of the structure to the priorities of Nunavut. Information technology can enhance communications between regions and deputy ministers, (hence the absence of a layer of managers between Regional Directors and Deputy Ministers), and effective consultation

**ORGANIZATION DESIGN USED FOR COSTING**



and customer access mechanisms can ensure meaningful local input to decision making.

As indicated in Appendix D, the important need for focused customer service access points is added to the regional structure. There would be a single point of access to government services in each region, through which a client would be directed to the appropriate point in the organization. This would make it easier to contact relevant government services.

### *SUMMARY*

We believe this structure and these processes will provide an efficient and effective administrative framework for delivery of services, and will respond to the priorities set by the elected representatives of Nunavut. In particular it meets the challenge of balancing the expressed, but not yet specifically delineated, directive to maximize regionalization of service delivery against the pressure to centralize decision making in response to the many policy and administrative challenges the organization will face in its early years. As the costing process will indicate, there are also some significant efficiencies associated with this structure.



## 4. TRANSITION - DEVELOPING NUNAVUT

In order to quantify the cost of transition to a separate eastern government, it is necessary to set out a proposed transition process. As was the case for the design of the organization, there is no single optimum solution to this challenge, but rather only one or more options that seem to best accommodate current circumstances. The process set out in Exhibit 3 and explained in this section meets the challenges as they are currently known. To the extent these change, the process itself would have to change.

This section sets out the overall general influences on the transition process, and an explanation of the five phases used.

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### MAJOR INFLUENCES ON THE TRANSITION PROCESS

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In addition to the general principles and directions set out in Appendix B, there are several specific influences on the transition process that affect the overall timing and sequencing of events.

#### 1. An Occupied Field

Although creation of a new public government in the East produces an opportunity to respond to anticipated challenges in new and creative ways, it must be remembered that several levels of government currently exist in this region. Programs operate, and services are provided by individuals whose families and careers are linked to existing structures. Large numbers of current residents depend on government in significant ways.

This reality means transition must be approached not as the development of an administrative structure from a "clean slate", but rather as the gradual creation of two new

organizations from the framework now operating. The overall administrative structure for Nunavut **will not emerge new and intact, but rather will evolve through a series of stages originating in the current reality of government in the North.**

#### 2. Interdependence

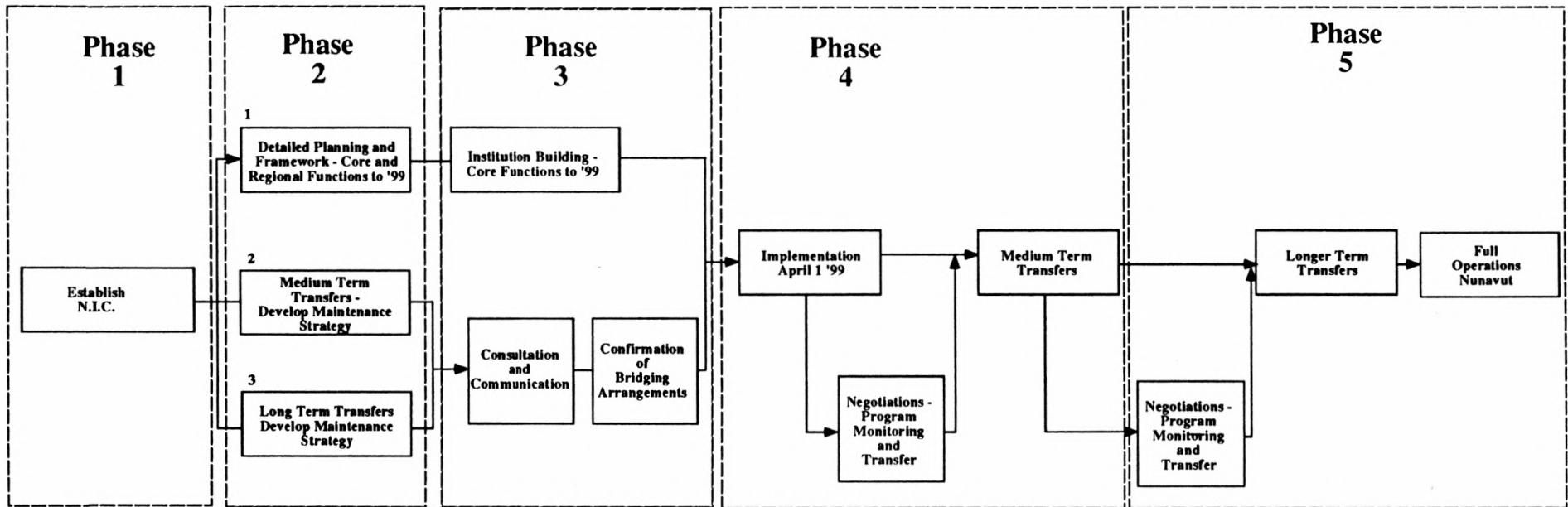
Since there are already governing and service delivery structures in place, the transition process should not be approached as a tightly prescribed series of closely controlled stages that will produce a new organization. It is, instead, a general framework for managing the interdependence that will continue to exist among all major stakeholders, and the planning and negotiations that will occur as new institutions emerge in Nunavut.

The individual and collective responsibilities of the GNWT, the new Government of Nunavut, those responsible for implementing the Land Claim, and the Government of Canada, require that each party clearly understand and accept their role and the roles of others. Close cooperation will be needed to support the objective of all parties, namely a successful transition. This means the transition process must set out the phases involved, and the organizational capacity the Nunavut Implementation Commission (NIC) will need to play its role in the process.

Long run success depends, in particular, on maintaining a mutually satisfactory partnership between GNWT and the Government of Nunavut, supported by Federal funding, and program management strategies that meet the long term needs of these two partners.

This approach is currently implied in Part 6 of the Political Accord. The mandate for the NIC sets out its role in helping to set up a process, principles, criteria, designs and timetables,

## THE NUNAVUT DEVELOPMENT PROCESS



### SERVICE BUNDLES

#### *Core Functions - End of Phase 3 - 1999*

1. Finance/HR  
Justice/Intergovernmental Affairs  
Legislative Assembly  
Executive Council

#### *Medium Term Transfers - End of Phase 4 - 2004*

2. Education  
Culture  
Capital Works  
Northern Development

#### *Long Term Transfers - End of Phase 5 - 2008*

3. Social Services  
Health

### PHASES

- Phase 1 - Establish N.I.C. - 1992  
 Phase 2 - Detailed Planning - 1993  
 Phase 3 - Core Building and Consultation - 1994/1999  
 Phase 4 - Core Implementation and Program Transfer - 1999/2004  
 Phase 5 - Program transfer - 2004/2008

while acknowledging the need for flexibility and mutual adjustment in this process.

### **3. Law and Administration**

A clear distinction must be made between the legal reality of Nunavut, and administrative and program delivery reality. The legal reality exists when enabling legislation takes effect. Administrative reality exists in one form now and will gradually evolve into another to reflect the new legal framework.

On April 1, 1999 the Government of Nunavut will have legal authority and accountability commensurate with its status within the framework of governing institutions in Canada. As such it will control distribution of funds used for service delivery. Although the mechanisms it uses to maintain or modify service delivery may change, and may not involve direct delivery by employees of the Government of Nunavut, accountability for decisions affecting service delivery will clearly rest with the new government.

This distinction must be made because of the different "drivers" and time frames involved. The legal framework is driven by political needs and wills, the realities of law making in Canada, and the rhythm of the governing process at the Federal level. The administrative framework is driven by factors like time frames for general and technical education, the development and implementation of information management systems, and the transfer or relocation of individuals and their families.

### **4. Uninterrupted Transition**

The guiding principle concerning maintenance of services throughout the transition process is extremely important. It creates a high level of interdependence among the institutions currently providing services. The NIC will have to work closely with other organizations to carry forward the change process, and after it achieves legal standing the new government will have to work closely with those institutions to ensure adequate service delivery.

This principle requires that change be carefully engineered to ensure all involved know, understand and are willing and able to carry out the roles ascribed to them. In particular, it requires that the Western and Nunavut governments reach mutual agreement on arrangements for continuity of service.

In terms of the legal framework, the need for consultation has been recognized in Part 2 of the Political Accord. It also means that those receiving services must understand what is proposed, and how and when change will occur. The emphasis on local decision making places further emphasis on communication as decisions about service delivery are increasingly localized.

### **5. Minimize Immigration**

This major principle must be considered in conjunction with the uninterrupted transition mandate. If there is to be no risk of service disruption the "framework" in place before Nunavut undertakes direct administration of a particular service must have a capacity comparable to that already operating.

A key element of this framework is the skills level of the workforce. If immigration is also to be minimized this skill set must be developed locally. This means the time frames and costs associated with this endeavour become the critical determining factor in any strategy for program transfer. The availability of skilled local staff, and the time needed to ensure this, will drive the process. It also means variation of this policy in any program area will affect the timing of program transfer. Since this is a policy decision, it means that one of the key factors driving administrative transfer is largely within the control of the parties involved. The current wording of the Political Accord, requires that the NIC work toward employment of local residents, but specific targets are not set.

The impacts of the shorter transition period are that:

- (i) Fewer local people will be appointed prior

to "start-up";

- (ii) The availability of trained and experienced personnel may be limited; local people who have settled in the larger Eastern communities may need to be enticed to relocate;
- (iii) Training positions within the government may need to be created;
- (iv) Training must begin **immediately**; and
- (v) A strong recruitment drive in the schools and communities must begin **immediately**.

The major benefit of the longer transition period is that it allows more local people to be appointed, gain experience, and obtain pre-employment vocational training. This should ensure a smoother transition because the people will be better equipped to take charge of this major northern enterprise

## 6. Reasonable Cost

It is recognized that creation of two governments where one previously existed will involve additional costs, and that the cost of transition is to be funded as a separate "one time" undertaking. It is also clear that costs are to be reasonable, and managed pursuant to pre-established limits. Part 8 of the Political Accord, indicates that the fiscal framework for transition is to be established prior to the coming into force of enabling legislation. The approach is to be primarily business as usual, with the transition process to be encompassed, to the greatest extent possible, in the overall cost of governing.

This means that, wherever possible development and implementation of the transition framework will have to be synchronized with existing service delivery activities. New management systems, such as those in respect of human resources or information technology, cannot be created wholly outside existing ones, but must instead emerge from that which is already in place.

This further increases the need for close cooperation and joint planning involving all stakeholders.

## 7. Distinct Governments

A fundamental principle underlying the structure and the transition process is the equal and separate status of the two northern governments involved. The legal framework and its timing are designed to reaffirm this principle as early as possible. This emphasis has implications for the transition process.

The elected representatives who will form the Government of Nunavut must have, and be perceived as having, direct and meaningful involvement in the design and delivery of the transition process. This means the plan cannot be "carved in stone" early on in the process: there must be room for meaningful input before and after April 1 1999. Since there must be distinct governments, there is also a "core" group of functions that form a threshold beyond which the new government must pass before it can carry out those activities fundamental to a functioning government in the Canadian context.

For the transition process this means the "run-up" to April 1, 1999 must include a wide range of activities. There will be high level strategic activity related to long run program and political agendas underway alongside detailed administrative and infrastructure planning and implementation work directed at having specific capacities in place on designated dates. The process must encompass and facilitate both.

## 8. Major Strategic Decisions

Although much transfer activity will not occur until later stages in the transition process, many decisions made in the early stages will have a major impact on long term service delivery. The choice of a platform for information technology, the framework for addressing long range employee benefits, the underlying style and principles for drafting legislation, or the basic strategy for delivery of a class of programs, are examples of decisions that will

have long lasting effects. This means that although detailed implementation planning for some program sectors will not occur until later on, the early stages of the transition process must include strategic consideration of the full spectrum of contemplated activities to ensure that decisions of this type are made with an awareness of the full breadth of their implications.

## 9. Minimum Capacity

It is important that the new government have the capacity to undertake its role in respect of its citizens and other governments and institutions effectively. The scope of policy issues and challenges the organization will face will parallel those of comparable governments. From the point of legal accountability onward, given the distinct legal status of the government, it must have the basic minimum capacity to govern effectively. The lengthened transition process costed as a feasible option in this study assumes the proposed organization design is adopted. Under these arrangements it is possible to operate with the staff compliment indicated for start-up in 1999. **A major change in the organization design would require a re-evaluation of the suitability of this compliment.**

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## THE STAGES IN THE PROCESS

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Overall, the suggested transition process acknowledges the need to first develop the basic infrastructure for the NIC, in particular bringing into the organization the senior level planning, administration and negotiating skills needed to develop the details of the process and the basic framework for creation of a new government. This initial challenge is then followed by an extensive planning and information gathering phase, which leads to development of the core functions, and creation of the bridging mechanisms for the other functions that will follow. The remaining stages are a repeated cycle of preparation for, and then transfer of, programs from the

bridging mechanism to the Government of Nunavut. This "rhythm of transfer" is designed to support the "minimize risk" and "minimize immigration" directives in particular.

It is also in harmony with the program groups set out in Chapter 3, and outlined in detail in Appendix D.

The timeframes set out for each Phase reflect calendar years, and overall feasibility at the time of this study. Actual timeframes may differ in response to influences not known at this time. The proportion of overall transition time devoted to each stage should, however, remain as outlined.

### ***PHASE 1 -- January 1992 To December 1992 - Establish N.I.C.***

This stage covers the year during which the NIC is appointed pursuant to the Nunavut Act. The objective is to create the NIC and put in place a basic administrative structure for its operations, and recruit an executive director and selected other senior level staff to begin the process of creating the overall development plan. These senior people should be seen as clearly responsible for the process of managing the development of specific program groups. They should be established at the deputy minister level.

This stage includes preparation of preliminary communications material, and commencement of preliminary discussions with GNWT on a wide range of issues including possible transfer or sharing of key staff, and arrangements for starting the process of dividing assets, creating service delivery bridging agreements and ensuring minimization of in-migration. Development of a data base on which to build a preliminary broadly based human resources plan would occur during this period.

An important part of this stage is development of a shared understanding of longer term expectations between the senior staff of NIC and MLA's from the Nunavut area. This is necessary to ensure that initial planning and negotiations undertaken in the next stage

accurately reflect the views of political decision makers. A formal mechanism should be established to ensure a meaningful on-going link between the activities of the NIC and the MLA's of Nunavut.

***PHASE 2 - January 1993 To December 1993 - Detailed Planning***

Although actual program transfers, beyond core functions, will not occur until well past April 1999, the interdependence of many services requires that all be considered initially as part of an overall approach. Some administrative dimensions of service delivery, such as the legislative framework, and the information and human resource management strategies, span all programs. Effective long term strategies in these areas, which affect both Nunavut and GNWT, must be developed with an appreciation of overall intentions. Some decisions about program delivery mechanisms, especially concerning capital and human resource needs, will have to be considered at this stage to ensure that the long development cycles involved do not delay transfer of services in later stages of the process.

For core services this stage involves detailed planning for provision of full service on April 1 1999. Human resource, information technology, legislative and capital issues must be addressed in detail. The objective is to have, by the end of the phase, an extremely detailed plan that will set out exactly how full operations for core functions are to be achieved. This plan should set out deliverables to at least the monthly level for the period January 1 1994 to April 1 1999. This process should be carried out in three stages. Stage one would involve developing a draft plan. Stage two would be consultation with those necessarily involved in implementation. Stage three would be refinement of the plan followed by approval by the NIC.

For the other two program groupings this stage will involve meeting two separate needs. The high priority is to begin the process of putting in place the arrangements for service continuity in these areas beyond April 1, 1999. A less

important but linked consideration is to begin setting out the process for transfer of administrative activity to employees of Nunavut, where appropriate.

Getting ready for the service continuity challenge involves several stages within this phase.

- (i) Strategy Development - Before approaching GNWT or other organizations regarding service maintenance or transfer arrangements, the NIC must initially clarify its own overall needs and preferences. Although the desirability or achievability of these preferences may be altered significantly by subsequent events, it is important that interaction with other stakeholders not occur until this preliminary step is completed.
- (ii) Exploratory Talks - Before commencing any detailed discussions or negotiations, NIC should hold preliminary or exploratory talks with a number of institutions, in particular the GNWT. Consideration might also be given to undertaking joint information gathering to provide further information to all parties. This will permit clarification and enhancement of available options and support further refinement of objectives.
- (iii) Strategy Refinement - Completion of items (i) and (ii) will permit further refinement of an overall strategy for dealing with service continuity and transfer issues. It will also allow all stakeholders to refine their positions based on a greater appreciation of the needs and aspirations of others, and a common understanding of the most important facts.
- (iv) Detailed Planning - The refined strategy is then turned into a detailed plan. This plan will drive the negotiations with other organizations deemed important to service continuity and transfer. The plan will have to be altered to reflect the results of negotiations, but if the information and "intelligence" gathered in parts (i) to (iii) of

this process are accurate the plan should form a solid platform for commencing negotiations. There should not be any major surprises for stakeholders.

### ***PHASE 3 - January 1994 To April 1999 - Core Building And Consultation***

The overall objective for this period is to turn the plans developed and refined in Phase Two into realities. At the end of the period there should be in place an operational core, and arrangements assuring continuation of services beyond April 1, 1999, in a fashion supported by stakeholders.

Three activities dominate this period of time (see Exhibit 3). In respect of core functions, the detailed plan developed in Phase Two is carried out. For other functions activity is divided into two stages. First the planned approach to service maintenance and transfer is used as the basis for consultation within Nunavut. Before commencing detailed negotiations key community leaders of the region must understand the overall approach and its implications for the type and costs of services delivered. In response to this consultation process there may be further refinement of needs and objectives.

This is followed by the process of negotiating arrangements with the organizations targeted through the analysis and consultation process. GNWT will be a major participant, but it is possible others will also be involved.

These activities will likely be carried out in a number of distinct steps. The best way to approach this stage will be determined after the plan has been developed and consultation has occurred. In any case, we recommend that the parties target late Fall of 1997, and possibly earlier where arrangements require long "run up" initiatives such as is needed for human resources, as the point at which program bridging arrangements should be established.

### ***PHASE 4 - April 1999 To 2004 Implementation And Program Transfer***

The objective for this phase is to implement the core functions and complete transfer of medium term programs. This process will involve designing handoff procedures acceptable to affected parties and ensuring suitable infrastructure exists to receive the administrative responsibilities involved.

At the beginning of this phase, the new government becomes legally responsible for all service delivery.

### ***PHASE 5 - 2004 To 2008 - Program Transfer***

The objective here is to carry-out the transfer of remaining programs. The development process is completed at the end of this stage.

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## **THE ORDER OF FUNCTIONAL TRANSFER**

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The proposed transition process sets out administrative transfer in three stages: (i) Core Functions; (ii) Education, Culture, Capital Works and Northern Development; and (iii) Health and Social Services.

The core functions cover those activities essential to the political and executive functions of government in Canada. For example, Nunavut could not be a government without a functioning legislative assembly. Appendix D sets out the framework developed for and used by the stakeholders to determine which functions were to be treated as core functions. The order of transfer for remaining functions was designed to acknowledge the following influences.

### **1. Immigration**

The directive to minimize immigration can be effectively implemented only through the manipulation of transfer points to accommodate the local availability of qualified persons emerging from the human resource

development system. For programs involving extensive qualifications to occupy senior positions this means longer time frames to program transfer. The time frames are determined by the limitations and time frames of the training process.

## **2. Maximize Discretion**

Those elected to govern Nunavut will want to influence the design and delivery of high profile programs within the region. Where possible, the timing of transfer has been positioned to permit representatives to have direct influence over the manner, timing and substance of program transfer and delivery.

## **3. Division of Assets**

The process of dividing the assets associated with some of these programs will take some time and should be carried out in conjunction with other decision making surrounding program transfer. Where the program is complex, and the assets not easily divisible, timing should recognize this reality.

## **4. Legal Frameworks**

If there are to be any adjustments to the legal framework for some of the more broadly based or complex programs, this should occur before any transfer. This avoids having to make two separate adjustments, legal and administrative, in relation to the transfer. It also ensures compatibility of legal and administrative systems. The process should reflect the time needed to accomplish this, and the reality that a functioning legislature is needed to do so.

## **5. Integrity of Program Groupings**

To avoid a state of almost constant transfer activity, it is more effective to carry out transfers in packages that parallel the program groupings outlined in the organization design. This means that the optimum point of transfer will be determined by the "slowest" of the programs contained in the package. For example, if the greatest challenges in the Social Services/Health Care group flow from Health

Care, then the speed at which these are addressed will determine the timing of transfer.

## **6. Impact on the GNWT**

There are two governments involved in this process. Transfer of programs will affect both, especially for larger programs. The "donor" government needs to have time to develop its own strategies for handling the human resource and expenditure implications of the transfer, especially where it has been continuing service delivery during the transfer process. The stresses being created through the reorganization of the GNWT must also be acknowledged. Rapid transfer of programs while this process is underway would undermine the directive for a low risk transfer.

## **7. Information and Communication**

There is a strongly expressed preference for extensive communication and education activity before significant change is undertaken. Since the grouping of programs is being changed during transfer, this process could take some time; familiar service packages will be changing significantly.

This transfer process is designed to accommodate these requirements to the greatest extent possible. It is designed in particular to support the collaborative approach taken in the Political Accord.