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Mr. Michael Percy  
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Dear Mr. Percy:

It was a pleasure to meet you and your colleagues and participate in last week's Territorial Formula Financing (TFF) roundtable in Yellowknife. In addition to enjoying the formal session, I was able to get together socially with a number of current and past colleagues and relive past accomplishments and failures. A few days in Yellowknife were also a welcome change from the oppressive heat and humidity of the Ottawa Valley.

You asked me to provide you with a few thoughts on how the late Bud Drury approached his work and recommendations on constitutional development in the Northwest Territories. The following provides some thoughts for your consideration:

- While his staff, including myself, may have had other more grandiose objectives, Drury did not see that his job was to provide a detailed blueprint. Rather, his priority was to make and help implement a few recommendations which would contribute to helping the various stakeholders make some progress on a few key critical issues.
- For example, at the time of Drury's work, the NWT Legislative Assembly had only fifteen elected members representing the whole NWT. Drury made the point that with so few members it would be very difficult to appoint some to the Executive Council (the cabinet) and still have a sufficient number to provide an effective opposition, serve on Assembly committees, and so forth. The solution, the NWT Act was amended by the federal government and Parliament to allow for up to 25 members.

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- Next, it did not take long for Drury to realize that the days of the federally appointed commissioner serving as the CEO for the Northwest Territories government were over. There was a strong desire for elected and accountable members to make the decisions and direct the administration. The solution, a new commissioner was appointed by Ottawa with instructions to gradually have the position evolve to where it was similar to a provincial Lieutenant Governor.
- Drury was appalled with the financial arrangements between the federal and territorial governments. Very simply, an emerging public government could not function like a division of the Department of Indian Affairs and Northern Development. Despite opposition from within the federal system, new arrangements were put in place by the federal government which allowed for certainty, long term planning and accountability.
- He made other recommendations, a number of which were ignored. Decentralization to regional governments and administrations, for example, never got very far in the NWT. He was opposed to division of the territories, but no one, including myself, agreed with him.
- One factor to consider in his work is that he did not just consult with the NWT, prepare a report and submit it to the federal government. Rather, he made it his job to work with both federal politicians and officials to implement or start the implementation of some of his key ideas and recommendations. On the other hand, I recall meetings between Drury and young NWT Aboriginal leaders like Nellie Cournoyea where he basically told them to quit complaining from the sidelines, get elected to the NWT Assembly, and change the system from within.

So, while it is doubtful that your panel will be involved in trying to implement some of your recommendations on TFF for the territories, you may want to consider Drury's approach and choose to make a few key recommendations which will both improve the ongoing evolution of the territories and the contribution which TFF make to this evolution.

From my perspective, consider the following:

- TFF arrangements with the territories are a means to an end. The federal government needs to make decisions on where it wants to take the territories over the next twenty five years. Without a vision, decision making on TFF arrangements and a lot of other key issues, like Aboriginal self government,

will be ad hoc at best. I think the point to make to the federal government is that while it can consult with and jointly plan with the territories, it also needs to accept that it has major responsibilities and must make decisions about the future of the territories. Adjustments to the existing TFF arrangements in the absence of fundamental decisions will not produce lasting solutions.

- As Russell Banta advised at the roundtable, there are two competing visions playing out in the federal government. In one, the territories eventually assume jurisdiction and ownership over their resources, receive resource revenues and get on with life as a province in all but name. In the other, the federal government retains control over most territorial resources which are developed for the benefit of the federal government and Canadians. Sooner or later these competing visions need to be resolved and the decision implemented. If Ottawa wants to encourage self – sufficiency, self – reliance and self – government, then the former is the route to go. If Ottawa wants to keep the territories dependent, then the latter. The point here being that Ottawa has to make decisions based on a firm commitment to a vision. TFF arrangements will be one of the means to achieving this vision.
- As many participants stressed at the roundtable, each territory needs to be considered separately in TFF negotiations and arrangements. This is Ottawa's call. Perhaps the current approach of dealing with the territories as a group in TFF arrangements may be for administrative and political convenience. I also think it is being done because the federal government does not have a vision for the territories, collectively and individually.
- If the federal government had a vision for the territories over the next twenty five years, one of the first things it would do is change the current internal organization for administration of the north. Very simply, over the years, the Northern Program in DIAND has become a dying institution whose mandate is almost spent. Unfortunately, there is currently no legitimate, credible and powerful "champion" for the territories in the federal administration or even at the political level. Your panel can make brilliant recommendations on new TFF arrangements for the territories; however, it unlikely they will have much effect given the current approach to the territories in the federal administration.
- One point I made at the roundtable concerned looking at other means to provide the territorial and aboriginal governments with the resources they require to provide programs and services. TFF arrangements will simply not address all of the financial challenges facing the territories. For example, in

the NWT, the government's borrowing authority could be increased. Resource revenue advances prior to a devolution/resource revenue sharing agreement is another option.

In conclusion, keep it simple. Tell Ottawa that:

- it needs to figure out what it wants to achieve in the territories over the next twenty five years;
- when it has come to a decision on its territorial objectives, it needs to structure its TFF arrangements with each territory accordingly;
- it needs to totally change how it organizes itself to administer the territories, otherwise fresh ideas and new TFF arrangements will produce no concrete results; and
- it needs to be creative and ensure that other measures, like borrowing, and national programs, not based on per capita formula, are used to compliment TFF arrangements.

Don't try to create the blueprint.

Best wishes for success. I look forward to reading your report.

George Braden