

KEVIN O'REILLY—MLA FRAME LAKE

Office of the Regulator of Oil and Gas Operations

Committee of the Whole—2016-2017 Operating Budget Review

Dept. of Justice—June 23, 2016

CHAIRPERSON (Mr. Blake): Thank you. That brings us to page 277, office of the regulator of oil and gas operations, operations expenditure summary, total activity \$1,869,000. We'll just defer this and go to questions on page 278, office of the regulator of oil and gas operations, active positions, information item. Any questions? Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I'm going to approach this cautiously, because I have the greatest respect for the staff in this office. As I understand it, these folks are all employees of the Government of the Northwest Territories. Is that correct, Mr. Chair?

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Mr. Chair, they are employees of the Government of the Northwest Territories. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Sebert. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Are these indeterminate positions, or are they contract? What's the status of these positions? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Thank you, Mr. Chair. I understand that all of the positions are indeterminate. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Sebert. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I guess where I'm going with this is the individual services executive director is a government employee, indeterminate, and does he serve, then, at the pleasure of the Minister? How is that position crafted? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Mr. Chair, he doesn't serve at the pleasure of the Minister. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Sebert. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Is the department looking at other models for how we regulate oil and gas operations? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Mr. Chair, no, we're not looking at other models at this time. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Sebert. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. It's not the answer I guess I was hoping to hear, but I do have a question on the next page. Should I just hold it there? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. If there are no further questions on page 278, we'll - I see none. We'll move to page 277. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. So as I understand it there's no change in staffing for this office, but I see that there's a change in compensation and benefits, a fairly substantial reduction. What's going on here? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Thank you, Mr. Chair. I wonder if I could have you ask the deputy minister to respond to that. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you. Ms. Haener.

MS. HAENER: Thank you, Mr. Chair. There was funding for eight positions for the OROGO office. Prior to this unit being transferred to the Department of Justice, Industry, Tourism and Investment took the reduction for those two positions and thus only six are reflected in the information for the Department of Justice. The two positions that were eliminated are an information management officer and a regulatory officer. These positions were allocated to the unit post-devolution but were never filled, and it was determined that, given the low activity, they weren't necessary at this time. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Ms. Haener. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Just so I understand, when did these reductions take place? Because it's not what I see on page 278 in 2015-16. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Ms. Haener.

MS. HAENER: Thank you, Mr. Chair. All I can indicate is that what came to the Department of Justice was funding for the six positions. As part of the budget process, Industry, Tourism and Investment reduced its -- reduced the allocation for two positions. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Ms. Haener. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. So does anybody know when ITI made the reductions? Thanks, Mr. Chair. Just for 2015-16, on 278 it shows that there are six full-time positions. That's presumably to April - sorry, March 31st of 2016. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Mr. Chair, I would suggest that Ms. Schofield could provide some information. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Sebert. Ms. Schofield.

MS. SCHOFIELD: Thank you, Mr. Chair. When the decision was made to transfer the unit to the Department of Justice, an FMB submission was prepared to transfer the funds from ITI to the Department of Justice. In doing that, the reduction amounts were taken into consideration at the time of establishing those budgets. Then there are restatements that have to occur from one department to the other. In preparing the Main Estimates, the department has to present them as are approved by the Financial Management Board, and it resulted in the six positions coming over. The two were a part of the reduction that ITI had presented in their overall reduction exercise. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Ms. Schofield. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I still don't quite understand this. So does that mean ITI got to keep the money for those two positions? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Mr. Chair, I understand that ITI was not able to keep that money. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Blake): Thank you, Minister Sebert. Any further questions, Mr. O'Reilly?

MR. O'REILLY: Thanks, Mr. Chair. I'm just not sure about the presentation here. That might be something I'd have to take up in our review of the Main Estimates when we do this offline somewhere else, but I'm just not sure that this is -- I'm not sure it contains the information about the full staffing of OROGO in 2015-16. So I don't know how else to pursue it. Thanks, Mr. Chair....

...**MR. O'REILLY:** I should have asked this earlier about the Office of the regulator of oil and gas operations. Since the staff are government employees, how does the department and the government ensure the independence of this office? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister.

HON. LOUIS SEBERT: It is clear, Mr. Chair, that they are at arms-length from the government. I know that there are other models, including models in Saskatchewan, where there is not that separation. So we have agreed to follow a model, rather, that does in our view ensure that separation and therefore their independence. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Minister. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. While it might be clear to the Minister that an arms-length office, can he describe how that happens on a day-to-day basis and so on? Because it's not clear to this Member. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister.

HON. LOUIS SEBERT: Mr. Chair, perhaps the deputy minister could be of assistance. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Minister. Ms. Haener.

MS. HAENER: Thank you, Mr. Chair. In terms of the day-to-day operations of the OROGO unit, it's very different from other units within the department. I, as deputy minister, oversee the senior managers within the department. Jamie Fulford who heads up the OROGO unit reports to me for administrative purposes only. Meaning, I approve his leave, I support him in other administrative matters in the unit. Our financial unit supports them in terms of helping them with variances and other expenditure matters, for example.

In terms of the day-to-day operations and the work that's done supporting the regulatory function, they do that on their own. There is reporting through to the regulator, to the Minister as regulator on an ongoing and regular basis. That is done in a separate manner from what would normally be done within the department with other units where there would be discussions, for example, on projects at the senior management table. That is not done with the OROGO unit. I hope that gives some sense of what it means on a day-to-day basis. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Ms. Haener. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. And I just want to provide some assurance to the department and the staff that in no way am I questioning the integrity of any of the staff there. I'm just trying to understand how they implement independence. So that's all I've got. Thanks, Mr. Chair.