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2002-2003

BUDGET ADDRESS



BUDGET ADDRESS 2002

GOVERNMENT OF NUNAVUT

THE HONOURABLE KELVIN NG

MINISTER OF FINANCE

APRIL 30, 2002

SIXTH SESSION OF THE
FIRST LEGISLATIVE ASSEMBLY OF NUNAVUT

ISBN # 1-55325-033-8

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INTRODUCTION

Mr. Speaker, Honourable colleagues, Nunavummiut.

The creation of our territory, just over three years ago, gave the people of Nunavut a new sense of purpose and a profound belief that each of us could make a difference. Our future would be shaped by our people and our land.

We have risen to the task of creating a new territory and functioning government. While we still have much to learn and many challenges remain, we are making a difference. Increasingly, we are determining our own destiny.

Today, I have the privilege of setting out the Government of Nunavut's budget plan for the 2002-2003 fiscal year, which charts our path for continued progress.

This fourth budget reflects the growing maturity of our government. As with the previous three, it supports our commitment to manage the territory's fiscal resources in a prudent manner. It demonstrates our determination to be accountable for our decisions, and open to Nunavummiut. And it reinforces that - with the new powers Nunavummiut have assumed in governing our own affairs - come personal and collective responsibility.

Mr. Speaker, this budget presents a realistic view of our fiscal situation and major challenges. It outlines our spending initiatives and priorities for the coming year. It presents a well balanced overall plan that will benefit every resident and business in our territory - a plan that will enable us to take another major step forward in realizing our potential, in order to build a secure future for our children and ourselves.

FISCAL UPDATE

Mr. Speaker, I will begin by briefly reviewing our fiscal results for 2001-2002.

I am pleased to report that, since our last budget the government's short-term fiscal situation has improved.

On the expenditure side, total budgeted requirements have increased to \$745.3 million. That is \$65.8 million above what we initially allocated to spend. These additional expenditures were set out in the three supplementary appropriation bills approved by this Legislature during the past year. Additional funding was provided for such measures as increased health care spending and the new collective agreement with the Nunavut Employees Union.

As in previous years, we are projecting that some departments will not spend all of the monies allocated to them last year. This includes approximately \$15 million in planned operations and maintenance expenditures, along with about \$16 million in capital spending of which most will be carried over into the current fiscal year.

On the revenue side, we are now projecting total revenues for 2001-2002 to be approximately \$765 million. This represents an increase of about \$95 million over our budget estimate. Of this, approximately \$92 million is anticipated from higher Formula Financing Grant payments from the Government of Canada. Included is a one-time adjustment of around \$46 million, relating to previous years.

As a result of these changes, on a cash flow basis, we anticipate an operating surplus for the 2001-2002 fiscal year of \$50.7 million.

Mr. Speaker, I will now present our 2002-2003 fiscal plan.

I am proud to inform Members of the Legislature that we are projecting, on a cash flow basis, an operating surplus of \$1.6 million for the coming fiscal year. This will be accomplished, even though there will be more than an 11 percent increase in spending over last year.

Total expenditures in this budget are \$759.9 million. Of that, we will be allocating more than \$689 million for operations and maintenance expenditures.

In November more than \$70 million was approved for capital projects for 2002-2003. This marked the first time that Capital Estimates were tabled during the Fall sitting of the Legislature. This change was introduced in response to requests from Members of this Assembly, municipal leaders, and Nunavut's business community. The move will improve our capital planning process and ensure the timely and cost effective delivery of projects.

Our total revenues for 2002-2003 are projected to be \$745.5 million.

We are estimating \$70.3 million for own-source revenues. Our largest own-source revenue is personal income tax, which we expect to bring in around \$10.2 million. Other sources include tobacco, payroll, corporate income, fuel, and property taxes.

Mr. Speaker, sometimes a Minister of Finance is faced with the difficult task of informing taxpayers that income taxes must be increased.

Happily I am not in that situation today.

In fact, I am delighted to announce - that for the first time in our short history - we will be implementing a number of tax measures that will see all Nunavummiut pay less personal income tax starting this year.

Last year we adopted the tax-on-income approach to determining the territory's personal income tax. This method allows us to establish a unique income tax system for Nunavummiut.

I will introduce changes to our Income Tax Act to significantly lower the territorial tax rates on all income brackets. As well, the amounts of a number of territorial tax credits will be increased.

The lower territorial tax rates and enhanced credits will apply to the 2002 tax year. These measures will greatly reduce the overall tax burden on Nunavummiut.

I will now summarize the rate and credit changes to be implemented -

- ◆ For taxable income up to about \$31,700, the territorial personal income tax rate will fall from 7.2 percent to 4 percent.
- ◆ For taxable income between \$31,700 to \$63,400, the rate will drop from 9.9 percent to 7 percent.
- ◆ For taxable income between \$63,400 to \$103,000, the rate will decline from the current rate of 11.7 percent to 9 percent.
- ◆ For taxable income over \$103,000, the current rate of just over 13 percent will now be set at 11.5 percent.
- ◆ The basic personal credit will increase from \$7,634 to \$10,000.
- ◆ The spouse or common-law credit will increase from \$6,483 to \$10,000.
- ◆ The credit for those Nunavummiut over 65 years of age will increase from \$3,728 to \$7,500.
- ◆ The long-term disability credit will be increased from \$6,180 to \$10,000.

The cost-of-living tax credit, an important element of our personal income tax system, also will be modified to ensure that all Nunavummiut taxpayers receive an increase to help address the high costs of living in Nunavut. The maximum amount of the credit will be raised from \$645 to \$750.

Taken together, these major changes will mean more disposable income – and a higher quality of life – for each and every person living in our territory.

These changes will mean that a tax filer who has income of \$16,400 or less will pay no Nunavut Personal Income tax in 2002. Similarly, a single tax filer with either a dependent spouse or child who has income of \$27,180 or less will pay no Nunavut Personal Income tax in 2002.

Individual Nunavummiut will see their Nunavut personal income taxes drop substantially in all income tax brackets. To give two examples –

- ◆ A single tax filer with no dependents with income of \$40,000 will have Nunavut income taxes reduced by about \$865.
- ◆ A single income family with two dependents with income of \$70,000 will have Nunavut income taxes reduced by about \$1,670.

Mr. Speaker, recognizing that it is the private sector which generates the incomes of many wage earners and that the business community plays a crucial role in strengthening our economy, I am also introducing changes to Nunavut's corporate income tax rates.

These changes will provide a lower general income tax rate for all corporate income allocated to Nunavut and a lower tax rate to small business.

Effective for 2002, the territorial general corporate income tax rate will be reduced from 14 percent to 12 percent. The territorial small business rate will be reduced from 5 percent to 4 percent.

This will mean that, as of this budget, Nunavut will have the lowest corporate and lowest average personal income tax rates in Canada.

These tax measures, Mr. Speaker, have been introduced for many reasons, including:

- ◆ to provide additional benefits to those in greatest need;
- ◆ to support individuals entering our workforce;
- ◆ to stimulate economic development;
- ◆ to strengthen our tax base by ensuring that we become more competitive from a taxation perspective; and
- ◆ to attract and retain people with the skills we need to continue building our new territory.

Mr. Speaker, there is one tax increase to be announced. As we all are aware, Nunavut has the highest tobacco use in Canada – equally, it is well known that use of tobacco poses a serious health risk to individuals, and overall, places large demands on our health care system.

Nunavut's tax on cigarettes will increase from 12.6 cents per cigarette to 15.6 cents effective midnight tonight. This will add \$6.00 to the price of a carton of cigarettes. We hope that this price increase will make many individuals reconsider their use of this harmful substance.

Mr. Speaker, federal transfers represent a vital contribution to our government's total revenues. Our government recognizes the important role that these transfers play in the lives of Nunavummiut.

For 2002-2003 we are projecting \$681.8 million in federal transfers. Approximately \$632.6 million of this will be provided through the Formula Financing Agreement.

The Formula Financing Grant is both our largest transfer and revenue source. The grant is influenced by a number of national factors such as growth in provincial government expenditures and the economy.

As well, factors specific to Nunavut such as our relative population growth and tax revenues also impact our entitlement.

During the past year Canada's economic growth slowed considerably. Consequently, over the last year most provincial governments introduced restraint measures aimed at offsetting lower revenues. These factors will impact future growth in our Formula Financing Grant entitlements. In the near term we expect our formula transfers to grow at rates below that of recent years.

Despite this, Nunavut's fiscal outlook for the short-term is stable. With current fiscal projections, we will be able to maintain programs and services, and even make modest improvements to some priority areas.

However, we do not have the means under these projections, Mr. Speaker, to address the full range of challenges we face. In future years, expenditure growth pressures will likely outstrip our revenue growth.

And this is where the point I made earlier – about increased responsibility being the natural consequence of increased authority – comes into play.

If we are to prove to ourselves, and other Canadians, that we are capable of managing our own affairs, and if we are to gain the confidence of potential investors, we must demonstrate our ability to make the right choices in shaping our future. We must be prepared to tackle our significant challenges.

ADDRESSING OUR CHALLENGES

Mr. Speaker, the creation of our new territory has resulted in increased economic activity and has brought new jobs to many of our communities. These recent economic improvements, however, are not enough and we must develop a more diversified economy across Nunavut.

The recent release of *The Naujaat Challenge: Working Together*, an economic development strategy framework, is a signal to all Nunavummiut that we recognize that a new approach to economic development is needed.

The foundation for this new approach must be the understanding that government, the private sector, Inuit Organizations and agencies, must work together, toward common goals.

We are committed to improving economic opportunities across Nunavut while protecting our traditional values and culture. As our economy develops we will continue to consult Nunavummiut to be certain that our actions and priorities appropriately reflect our culture and traditional values. We also will be mindful of Inuit Qaujimagatuqangit (IQ).

This year, under the direction of the Department of Culture, Language, Elders and Youth, we will be establishing an Elders Council. This council will facilitate the operations of the IQ Task Force, and provide input regarding community wellness, learning, cultural, and social concerns.

Mr. Speaker, Nunavut's economy continues to be heavily dependent upon the government sector. As our government becomes more established we will ensure that benefits from government activity reach as many Nunavummiut as possible.

Our decentralization initiative has and will continue to result in long-term stable jobs spread throughout the territory. Of course, a large degree of this progress will depend upon Nunavummiut having the required skills and trades.

Recently the Department of Finance opened its third regional office in Igloolik. This has resulted in 17 positions being created in that community. We expect that residents of Igloolik will fill all but one of these positions. This is another good example of how decentralization can work.

Decentralization has generated an increased demand for goods and services in our communities. Also, as a result of increased government and private activity, we see our service sector continuing to grow and becoming a larger part of the economy to support that activity.

An important element of our economic plan is to provide financial and policy support to communities and businesses through ongoing initiatives such as the Nunavummi Nangminiqagtunik Ikajuuti (NNI), the Nunavut Development Corporation, community economic development officer positions, and the many programs offered through the Department of Sustainable Development.

As my Honourable colleagues are aware, Nunavut's promise in the mining area is recognized worldwide. The mining industry continues to invest millions of dollars annually exploring, developing, and identifying opportunities. There are many potential projects in Nunavut - the Jericho diamond project in the Kitikmeot and the Meadowbank gold property north of Baker Lake being two of the more prominent prospects.

Even with the ongoing investments and exploration, our mining potential remains largely untapped. Our government will continue efforts - working with Nunavut Tunngavik Incorporated, Inuit Organizations and other agencies - to promote the territory and see the development of viable projects.

As well, we will champion and support initiatives such as the Bathurst Inlet road and port project to facilitate the development of our natural resources.

In my first budget address, I indicated that we were committed to making progress on the transfer of authority and responsibilities over Nunavut's natural resources from the federal to the territorial government.

This devolution is essential if we are to be masters within our own jurisdiction and to fully share in the economic benefits that come from exploration and development of our natural resources. Progress has been made in discussions with the federal government, but we must renew our commitment to this important area if we are to be successful. In this regard, we need the goodwill and cooperation of the federal government.

Mr. Speaker, Nunavut has a number of unique geographic and social challenges that cannot be ignored - challenges that have a direct impact on government spending.

The first is our rapid population growth. Between 1996 and 2001 Nunavut's population count increased by 8.1 percent, which was more than double the national average. In addition, our population is very young - about one-half of Nunavummiut are under the age of 20.

We will need to see a significant number of jobs created throughout the territory to match our population growth. Young Nunavummiut must have the opportunity and be encouraged to learn skills that will enable them to successfully compete for future jobs.

Since our first budget three years ago we have allocated more than \$70 million for capital projects for the Department of Education. We also have increased the number of teachers in our school system, and this year we will be making improvements to financial assistance for post-secondary students.

Our young and fast growing population place tremendous pressure on government programs and services. Meeting these needs, particularly social needs, will continue to be a challenge for government. When you factor in the vastness of our territory, the small size of our communities, and our extreme climate - the challenge of providing adequate programs and developing acceptable infrastructure becomes even greater.

This is further complicated by the fact that there is no road link between the territory and southern Canada. Similarly, there are no road links

between our communities. Nunavummiut must rely heavily on costly air travel.

All goods brought into Nunavut are shipped by water or air. With the long Arctic winter, the ocean shipping season is short – lasting approximately four months, from early July to early November. Even when using the most economical means of transportation, ocean shipping, the cost of most landed goods in Nunavut is substantially higher than other parts of the country. As a result the overall cost of living and doing business is higher in comparison to other parts of Canada.

This past year over \$20 million in additional funding was provided to the Department of Health and Social Services to ensure the ongoing delivery of essential programs. In spite of this, and like the situation in most other provinces and territories, our health care system remains under stress. Costs for essential services such as medical transportation and treatment continue to increase.

We will work hard to ensure that Nunavut has an effective health care system. Our residents should have access to health services that are comparable to other parts of the country.

We continue to work with the birthright development corporations towards the construction of a new general hospital in Iqaluit and two new regional health facilities in Rankin Inlet and Cambridge Bay. The total cost of these projects will be in excess of \$80 million. While we are carefully reviewing our options for funding these facilities, I want to assure you that these facilities will be built and will end up being owned by the Government of Nunavut. These are important investments that will lead to better access to health care in our territory.

Mr. Speaker, perhaps the single greatest challenge that we face is in the area of housing.

Housing is extremely expensive in Nunavut – often costing up to four times the Canadian average. As a result of this, most Nunavummiut live in subsidized public housing, because they lack the resources to afford their own home.

The housing stock in the territory has grown at a rate far below our population growth. This has meant overcrowded homes for many Nunavummiut, which in turn, contributes to other social and health problems.

Over the past three years, our government has allocated funding for the construction of over 150 new social housing units. While this is a major investment, we realize that it falls well short of the need throughout the territory.

For this fiscal year we have allocated \$17.7 million in capital funding to the Nunavut Housing Corporation (NHC). When this is combined with

Canada Mortgage and Housing Corporation (CMHC) funding for modernization and improvements of \$4.3 million as well as the new joint NHC/CMHC Affordable Housing Program of almost \$5 million, the total capital investment in social housing will be \$27 million.

Mr. Speaker, this construction season will see at least one new home built in every Nunavut community. Overall, at least 78 new social housing units will be constructed across the territory.

In addition to being a social and economic challenge, housing also is an operational challenge for our new government. Without adequate housing we are unable to recruit and retain qualified employees. This negatively impacts the quality of our programs and services, the development of the public sector workforce, and the overall goals of our government.

To address this challenge, and improve the efficiency of our operations, we have transferred responsibility for staff housing from the Department of Public Works and Services to the Nunavut Housing Corporation. Consolidating public and staff housing responsibilities will allow for the better coordination of our efforts, the concentration of expertise, and in the long term, more consistency in developing and delivery of GN wide housing programs.

We will continue to examine ways to encourage individuals to invest in the private housing market. We recognize that we need to be novel in our approach to addressing public and staff housing issues.

A good example of such an approach is the employee condominium initiative. This undertaking will see up to 130 new staff housing units constructed in Iqaluit and our decentralized communities, which our employees will be able to buy.

The housing corporation is in the process of negotiating the construction and purchase of these new units from developers who have responded to the first phase of proposal calls. The corporation also is in the process of carrying out the second phase of proposal calls, as well as finalizing information and educational packages for staff.

When the units are ready for occupancy, the housing corporation will provide assistance with the establishment and operation of Boards of Directors of the condominium corporations, and serve as a liaison between lending institutions and the purchasers. As well, prospective homeowners may be able to access direct funding from the existing programs of the housing corporation.

This is a new approach to providing affordable housing options for Nunavummiut. Lessons learned from this initiative will influence our future approach towards improving housing in our communities.

The NHC also is finalizing details of the Tenant-to-Own Program for introduction this Spring. This program will allow public housing tenants who are ready and able to accept the responsibility of homeownership to purchase their home. Nunavummiut who are in core need may receive mortgage-gear-to-income financing through the housing corporation, much like the successful "Access" program. Clients not in core need, also will be eligible for the program.

I want to reinforce Mr. Speaker that our government remains strongly committed to the principles set out in the Bathurst Mandate - creating healthier communities, supporting families and individuals, and making Nunavut more self-reliant within Canada.

We recognize that addressing our housing and other major social issues will help the development of our economy and will benefit all Nunavummiut.

If we are to continue to meet the needs of our people and address our challenges we must maintain a strong partnership with the federal government. The foundation for this partnership is continuous dialogue with priority issues discussed in a meaningful and productive manner.

The Nunavut Fiscal Review agreed to last year by the federal Minister of Finance gives us an opportunity to present our views on our long-term fiscal situation and challenges to the federal government. It is our belief that long-term revenues will not keep pace with our expenditure needs.

This year we will begin negotiations with the federal government to renew the Formula Financing Agreement. The current agreement will end March 31, 2004.

We must make every effort to maximize our benefits from the Formula Financing Arrangements and seek more favorable treatment or alternative arrangements specifically targeted at critical issues such as housing.

As part of a strong argument to the federal government for additional investments we must outline Nunavut's needs and demonstrate that our government is responsible and accountable. In addition, we must show that we are providing appropriate services in the most economical way.

In response, last year we announced that we would be initiating a major Program Review exercise to help us plan to better meet the needs of Nunavummiut and maximize the benefits from our limited resources. We committed to developing an inventory of government programs and services as the starting point for this exercise. We have made good progress on this initiative.

An inventory document is being finalized and information is being refined to assist with future business planning. It is our intention to release more detailed information along with an inventory of programs this Fall.

Our Program Review work has identified some 336 programs operated by our departments this past fiscal year. I will now present some highlights of our findings:

- ◆ On an expenditure basis, the largest 30 programs account for about 2 out of every 3 dollars that our government spends while the largest 100 programs account for nearly 9 out of every 10 dollars of spending.
- ◆ About 1 out of every 2 dollars of spending was devoted to Health, Housing, Social Services and Education program activities.
- ◆ More than \$352 million dollars of programming activity was directed toward individuals and families.
- ◆ 241 programs delivered services directly to the residents and communities of Nunavut.
- ◆ On a functional basis, less than 1 out of every 10 dollars of budgeted spending was oriented to government administrative activities, while nearly 3 out of every 4 dollars allocated was related to the provision of a specific service or particular product.

As part of our ongoing Program Review activities we will be consulting Nunavummiut. This initiative will be led by the Department of Executive and Intergovernmental Affairs.

It is essential for government to know that its efforts and expenditures are consistent with the goals in the Bathurst Mandate and the needs of Nunavummiut. Taking the necessary time to verify that any changes we introduce are right for our people is also an important element of this initiative.

Mr. Speaker, the results of Program Review will influence our approach to how we do things in coming years. It is critical that we chart a course that is right for our people. We must be realistic in our expectations and pragmatic in our approach. While we will need help from our partners, we cannot expect others to solve our problems for us.

The Government of Nunavut is in the fortunate position of not having a significant accumulated debt – and we plan to stay this way. Borrowing to finance operational spending on programs and services would be short sighted and only cause difficulties in the long term. A significant debt load would mean that we would have to redirect funds that could be used for important social programs to pay interest charges.

If we are to meet growing pressures we will have to do many things differently and focus our efforts on our priorities. Our ability to be innovative, resourceful, and more efficient will be critical if we are to get the most from our limited financial resources.

OUR EXPENDITURES

Mr. Speaker, our spending plan for 2002-2003 balances ongoing needs against available resources.

For this fiscal year our government has allocated over \$759 million to fund programs, services, and capital projects throughout Nunavut.

The Departments of Education and Health and Social Services, along with the Nunavut Housing Corporation, will account for over 55 percent of our government's total allocated spending. This spending is consistent with the priorities identified by the people of Nunavut.

I will now review departmental spending and highlight some initiatives for the upcoming fiscal year.

EDUCATION

As all Members of this Legislature appreciate, education and skill development is vital if we are to create a better future for all Nunavummiut. Helping our people, at all ages, increase their knowledge and learn new skills will be central to Nunavut's success. This includes promoting the values of IQ.

For 2002-2003 the Department of Education will have the largest departmental budget at \$172 million. Operations and Maintenance funding has increased to over \$152 million.

As a result of increased enrolments, our schools will receive an additional \$2.8 million for new teaching positions. As well, we have allocated an additional \$981,000 for school operations to support District Education Authorities. In total, over \$84 million has been allocated for the department's School Operations Branch.

Additional funding of \$740,000 has been set aside for enhancements to the Income Support Program. These enhancements are targeted at the transition to work, and are intended to provide recipients with added support at this crucial time. We have earmarked \$500,000 for enhancements to financial assistance for students. This added funding is to provide increased living allowance benefits for students. As well, new funding of \$474,000 has been designated for daycares.

HEALTH AND SOCIAL SERVICES

Mr. Speaker, we know that the welfare of our territory depends on the health and well being of our people. This is why the Department of Health and Social Services has been provided with a total budget of \$156.9 million. Included in this is \$151 million for operations and maintenance - an increase of nearly \$32 million, or more than 26 percent,

over last year. This large increase reflects the value that all Nunavummiut have for health care.

The Healthy Children, Families and Communities Branch of the department will spend over \$31 million promoting the well being of Nunavummiut. This includes over \$1.7 million in new monies for community wellness programs. In addition, almost \$1 million will be provided for municipalities for alcohol and drug counseling programs.

Additional funding of \$650,000, for a total of over \$1.6 million, has been designated for the operation of a community-based long-term care facility in Chesterfield Inlet.

More than \$2.2 million has been devoted to moving forward with a new mental health and addictions strategy that will see a number of improved support services provided for Nunavummiut. Two key aspects will be building community support networks as well as enhancing educational and supervisory support to Inuit staff.

HOUSING

We are equally committed, Mr. Speaker, to addressing our housing needs in a meaningful and efficient manner. With the consolidation of public and staff housing *under one roof*, the Nunavut Housing Corporation will be able to deal with the housing needs of Nunavummiut in a more focused, coordinated way.

A comprehensive plan for the transfer of all aspects of the staff housing function has been developed. A major component of the implementation plan is the need to address the policy issues that form the basis of staff housing. Over the next few months those policies, and their attendant procedures will be developed, discussed, finalized and implemented.

For 2002-2003, \$31 million has been transferred to the Nunavut Housing Corporation from the Department of Public Works and Services. As well, an additional \$2.8 million has been allocated to assist in acquiring new leaseholds, renovating units and adding capacity for staff housing development.

Operations and Maintenance funding for social housing also has kept pace with our expanded capital program. Over \$1 million in additional funding will be available to Local Housing Organizations to meet the needs of the new housing units.

I am pleased to announce that, with the addition of social housing funding from the CMHC of \$58 million, the Nunavut Housing Corporation's total budget for fiscal 2002-2003 will be \$154.4 million.

JUSTICE

For 2002-2003 the Department of Justice has been provided a total budget of \$44.9 million.

We have increased funding for law enforcement by over \$3.5 million. This additional funding will enable the RCMP to station at least two officers in each of our detachments. In total, 14 new policing positions have been created, bringing the overall number in the territory to 97. This public safety measure will benefit all Nunavummiut.

We also are increasing support for the Akitsiraq Law School. Total funding for this innovative program, from the Departments of Justice, Human Resources and Education will be \$688,000 for the coming year. Within three years, students will graduate from this program, ready and able to continue making a valuable contribution to Nunavut's future.

Spending on registries and court services will increase by \$879,000 in 2002-2003. This reflects the added workload associated with the Nunavut Court of Justice and increased services to the public.

CULTURE, LANGUAGE, ELDERS AND YOUTH

Mr. Speaker, make no mistake, we remain firmly committed to supporting our territory's unique culture and languages. Likewise, our youth are Nunavut's future while elders are a link to our unique history - both groups are worthy of respect and additional support from our government.

The Department of Culture, Language, Elders and Youth has been allocated nearly \$9.3 million for 2002-2003. This represents a funding increase of \$1.9 million, or more than 25 percent, when compared to last year. This additional funding is an investment to support areas that make Nunavut truly unique in Canada, and will enable the department to improve programs and services.

New initiatives for 2002-2003 include the development of the 'Elders Council', recognizing the valuable knowledge and contribution of our elders - \$300,000 has been allocated for this initiative. The department also has allocated new funding of \$320,000 for a Toponymy Program to identify traditional Inuit geographic place names.

The Elders and Youth programs will receive \$125,000 each to help communities promote the well being of Nunavut's elders and young people. Similarly, the Archeology Program and Archive Program will each benefit from \$100,000 of new funding. As well, \$100,000 has been allocated for the Nunavut Historical Advisory Board.

In the coming year the department will provide over \$2.3 million in grants and contributions to support initiatives, including traditional language promotion and protection, as well as cultural and heritage programs.

SUSTAINABLE DEVELOPMENT

For 2002-2003 more than \$37.9 million has been allocated to the Department of Sustainable Development. Of this amount, \$35.5 million has been budgeted for operations and maintenance. The department delivers and funds many vital programs that provide essential support for our economy, protection of our environment, and wildlife research.

Over 40 percent of the department's budget has been earmarked to fund programs through grants and contributions. In total the department has allocated \$15.8 million dollars to grants and contributions, this represents a \$2.1 million increase from 2001-2002 funding levels.

The department will continue to support the development of local economies by dedicating \$2.8 million to the Community Initiatives Program. Another \$1.9 million will be provided to hamlets for community economic development officers. Nunavut Tourism will be provided an additional \$1 million, bringing its total funding of over \$2.3 million, to deliver tourism programs on our behalf.

Of course, the department will continue investing in Nunavut's traditional economy – \$317,000 has been set aside for Hunter's and Trappers Organizations, \$251,000 for the Community Harvester Assistance Program, \$223,000 for Regional Wildlife Boards, and \$200,000 for the Nunavut Arts and Crafts Association. Similarly, key investments will be made in renewable resource areas - \$350,000 for the Fisheries Development and Diversification Program and \$230,000 for the Commercial Fisheries Program.

Mr. Speaker, let me assure you that efforts to identify investment opportunities in Nunavut's new economy will continue as well. We will encourage new business ventures and expansion through the Business Development Fund. Some \$859,000 has been allocated for this initiative. As well, nearly \$3.5 million will be provided to the Nunavut Development Corporation to support community-based businesses and economic opportunities. In addition, the Departments of Sustainable Development and Finance have been asked to work with the private sector and Inuit Organizations to quickly develop and bring forward a plan to implement an affordable and effective Nunavut Film Incentive Program.

The department will spend more than \$1.5 million in 2002-2003 on consultations with communities and preparation of the Inuit Impact Benefit Agreement for territorial parks, the Nunavut Economic Development Strategy, and the new Nunavut Wildlife Act. This budget allocates \$1.5 million for wildlife research projects and \$400,000 for wildlife officer training. The department has committed \$250,000 toward climate change and environmental protection projects.

COMMUNITY GOVERNMENT AND TRANSPORTATION

Mr. Speaker, the Department of Community Government and Transportation has the large responsibility of working with people from all communities and their local elected representatives to ensure that many essential programs and services are available to Nunavummiut.

For 2002-2003 the department will oversee a budget of \$86.8 million, with \$69.7 million earmarked for operations and maintenance spending.

Included in the operations and maintenance allocation is a grants and contributions budget of \$36.7 million. A majority of this amount, over \$20.6 million, is the Municipal Operating Assistance Program. Communities also receive over \$5 million under water and sewage block funding, \$1.6 million for community development, and an additional \$800,000 for insurance premiums.

The department has allocated \$450,000 for a Nunavut Air Services Study. Some of the key issues that the study will investigate are how to better provide air services to isolated communities, airport needs and airport upgrading requirements for new generation aircraft to be able to operate within Nunavut.

The Nunavut Air Study also will partner with the Department of Health and Social Services regarding requirements for medivac flights, as well as exploring the possibility of an air corridor across Nunavut from Cambridge Bay to Rankin Inlet, and on into Iqaluit.

The department also will be holding consultations during the coming year to develop an Active Living Strategy. This strategy will recommend programs and services best suited to Nunavummiut and that will contribute to the overall health of our communities.

PUBLIC WORKS AND SERVICES

The Department of Public Works and Services will manage a total budget of \$65.2 million for 2002-2003, including \$58.9 million for operations and maintenance expenditures.

A core responsibility for the department is the management of facilities, which is a big task for a new government. The department's Operations Branch oversees this duty and has a budget of \$30.9 million for the coming year. This branch also coordinates the Eastern Arctic Sealift Program on behalf of the government.

The Technical Services Branch has been allocated over \$5.7 million in operational funding for the coming year. This 33 percent increase shows the continued commitment to public safety issues through leadership in capital planning and technical standards for infrastructure.

Additional initiatives of the department include the devolution of the Help Desk function from the Iqaluit Informatics Operations to Regional Operations, as well as the planned increase in the number of electrical inspectors for the Safety Division of the Operations Branch.

HUMAN RESOURCES

The Department of Human Resources has been given a budget of \$20 million for fiscal 2002-2003. This represents an increase of about \$1.5 million or 8 percent over last year's budget - reflecting our focus on the Inuit Employment Plan and other training programs. Training accounts for almost one-third of the department's planned expenditures.

Funding for the Inuit Employment Plan will be doubled from \$1.7 million to \$3.4 million. A key element of the plan will be a Senior Managers Development Program. The goal of the program is to increase Inuit representation at the senior management level throughout government. This program will create 15 intern positions across Nunavut. Increased funding also has been allocated for existing initiatives such as educational and cultural leave, employee orientation, and Inuktitut programs.

We will continue to support summer student employment with funding increased from \$350,000 to \$700,000.

We are committed to effective human resources management and the development of a representative workforce. The latter will clearly take some time, but we will continue to make the required investments to achieve this critical goal. One element of this will be to encourage a better understanding of IQ.

FINANCE

For 2002-2003 the Department of Finance will receive a budget of nearly \$47.4 million.

We will continue to fund the electrical power subsidy to ensure that all Nunavummiut have access to reasonable electricity rates. Over \$4.7 million has been allocated for this program. The department also administers funding allocated for many government-wide operations, such as employee medical travel, dental and insurance premiums.

The Auditor General has recommended that we recruit more accountants and financial managers with the necessary training and experience. To help address this need, the Department of Finance will hire 6 senior advisor positions to support financial management capacity across government. Also, money is being provided for 12 training positions for beneficiaries in the department and for increased emphasis on financial management training.

EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS

For 2002-2003 the total budget for the Department of Executive and Intergovernmental Affairs has been set at just over \$11 million.

Executive and Intergovernmental Affairs has critical core responsibilities for our government, including support to Cabinet, coordinating major policy and program review initiatives, and representing Nunavut's interest nationally and internationally.

To better meet our ongoing requirements in the intergovernmental area the department has been provided an additional \$758,000 over last year's funding. It is important that Nunavut have a strong voice outside of the territory.

It is equally important that our people know what their government is doing. The department will be allocating an additional \$310,000 for improved communications throughout our communities. Similarly, Program Review will be a priority for the department. An additional \$595,000 has been earmarked for this exercise, with the focus being the development of programs and policies that better reflect the views of Nunavummiut.

The department will continue to have overall responsibility for our decentralization plan. The relocation of positions and employees will carry on in the coming year. We are fully committed to ensuring benefits associated with the creation of Nunavut and our new government flow across the territory.

CONCLUDING COMMENTS

Mr. Speaker, our first three years of operation have demonstrated our will and commitment to Nunavut. We have risen to the task of creating a new territory and a functioning government. We have been open and fully accountable.

This budget presents a well-balanced overall plan that will benefit every resident and business in our territory - a plan that will enable us to move closer to realizing our potential.

We have remained true to the spending priorities of our people. We have increased spending for housing, health and social programs - areas that will yield meaningful returns on investments. We also are committed to protecting and promoting Nunavut's unique culture while advancing our economic prospects. Nunavummiut can be confident that we will continue to develop programs and services that reflect and respond to their needs and priorities. As well, our programs and services will incorporate IQ.

We have made significant reductions to both personal and corporate income taxes. These measures, Mr. Speaker, will provide additional benefits to those in greatest need while encouraging economic development.

This fourth budget reflects the growing maturity of our government, while supporting our continuing commitment to managing the territory's fiscal resources in a prudent manner. It also reinforces that we have been realistic and responsible - recognizing the significant challenges we continue to face, and identifying what is required to meet them head on. We have made the right decisions, and struck the right balance, as our citizens expect us to do.

Through strategic investments and good governance combined with the vision and determination of Nunavummiut, we are making a difference. While we still have much to learn and many challenges remain, we are shaping our future. With the tabling of this budget, we have taken another large step towards this goal.

Mr. Speaker, Honourable colleagues, we look forward, with confidence to a bright future for our people and our land. Thank you.

APPENDIX A

SUMMARY TABLES

BUDGET ADDRESS 2002



GOVERNMENT OF NUNAVUT

Summary of Fiscal Position*
Government of Nunavut, 2002-2003 (\$ Millions)

	2002-2003 Main Estimates	2001-2002 Revised Estimates	2001-2002 Main Estimates
Total Revenues	745.5	765.0	670.0
Expenditures			
Operations and Maintenance	689.6	648.4	608.2
Capital	70.3	96.9	71.2
Total Expenditures	759.9	745.3	679.5
Unadjusted Surplus (Deficit)	(14.4)	19.7	(9.5)
Estimated Supplementary Requirements			
Contingency Reserve	--	--	(10.0)
Capital Projects Carried Over	(16.0)	--	(8.0)
Other Supplementary Requirements	--	--	(22.3)
Estimated Appropriation Lapses			
Operations and Maintenance	17.0	15.0	10.0
Capital	15.0	16.0	5.0
Operating Surplus (Deficit) for the Year	1.6	50.7	(34.8)

*Estimated on a cash flow basis.
Totals may not add due to rounding.

Summary of Revenues
Government of Nunavut, 2002-2003 (\$ Millions)

	2002-2003 Main Estimates	2001-2002 Revised Estimates	2001-2002 Main Estimates
Federal Transfers			
Formula Financing	632.6	655.0*	563.0
Other Federal Transfers	49.2	52.4	52.4
Total Federal Transfers	681.8	707.4	615.4
Own Source Revenues			
Personal Income Tax	10.2	10.3	10.3
Corporate Income Tax	1.5	1.6	1.6
Fuel Tax	4.0	3.3	3.3
Property and School Tax Levies	3.0	3.0	3.0
Tobacco Tax	7.8	6.5	6.5
Payroll Tax	4.5	4.0	4.0
Insurance Taxes	0.3	0.3	0.3
Liquor Commission Net Revenues	2.0	1.9	1.8
Power Corporation Dividend	2.3	3.9	3.9
Rental Recovery – Staff Housing	9.4	6.2	6.2
Other Revenues	18.6	16.5	13.5
Total Own Source Revenues	63.6	57.6	54.6
Total Revenues	745.5	765.0	670.0

* Includes one-time adjustment of \$46 million.

Totals may not add due to rounding.

Summary of Total Expenditures
Government of Nunavut, 2002-2003 (\$ Millions)

	2002-2003 Main Estimates	2001-2002 Revised Estimates	2001-2002 Main Estimates
Legislative Assembly	14.6	10.7	9.9
Executive and Intergovernmental Affairs	11.1	10.5	8.6
Finance	47.4	43.0	39.0
Human Resources	20.0	18.8	18.5
Justice	44.9	39.4	38.0
Public Works and Services	65.2	67.9	61.4
Community Government and Transportation	86.8	92.3	78.4
Culture, Language, Elders and Youth	9.3	7.7	7.4
Education	172.0	180.6	174.8
Health and Social Services	156.9	151.6	123.4
Sustainable Development	37.9	36.8	34.3
Nunavut Housing Corporation	93.9	86.1	85.8
Total	759.9	745.3	679.4

Totals may not add due to rounding.

Summary of Operations and Maintenance Expenditures
Government of Nunavut, 2002-2003 (\$ Millions)

	2002-2003 Main Estimates	2001-2002 Revised Estimates	2001-2002 Main Estimates
Legislative Assembly	14.4	10.5	9.8
Executive and Intergovernmental Affairs	11.1	10.4	8.6
Finance	47.4	42.6	39.0
Human Resources	20.0	18.8	18.5
Justice	44.2	38.8	37.5
Public Works and Services	58.9	58.4	55.4
Community Government and Transportation	69.7	64.4	65.4
Culture, Language, Elders and Youth	8.7	6.7	6.4
Education	152.5	147.3	145.5
Health and Social Services	151.0	145.9	119.2
Sustainable Development	35.5	32.5	31.5
Nunavut Housing Corporation	76.2	72.1	71.6
Total Operations and Maintenance	689.6	648.4	608.2

Totals may not add due to rounding.

Summary of Capital Expenditures
Government of Nunavut, 2002-2003 (\$ Millions)

	2002-2003 Main Estimates	2001-2002 Revised Estimates	2001-2002 Main Estimates
Legislative Assembly	0.2	0.2	0.2
Executive and Intergovernmental Affairs	--	--	--
Finance	--	0.4	--
Human Resources	--	--	--
Justice	0.7	0.6	0.5
Public Works and Services	6.3	9.4	6.2
Community Government and Transportation	17.1	27.9	13.0
Culture, Language, Elders and Youth	0.5	1.0	1.0
Education	19.5	33.4	29.3
Health and Social Services	5.9	5.7	4.2
Sustainable Development	2.5	4.3	2.8
Nunavut Housing Corporation	17.7	14.0	14.0
Total Capital	70.3	96.9	71.2

Totals may not add due to rounding.

APPENDIX B

PROGRAM REVIEW PRELIMINARY REPORT

BUDGET ADDRESS 2002



GOVERNMENT OF NUNAVUT

BACKGROUND

The February, 2001 Budget Address announced that the Government of Nunavut (GN) would be launching a comprehensive program review exercise to identify the programs and services that were being delivered by the government's departments, boards, agencies and corporations.

Commitment to proceed with the project came at a time when the GN was just completing its second year as a government and was still months away from determining its financial position for the first year of operations. It was recognized that this limited experience would present obstacles to conducting a thorough review of governmental activities.

Nunavut also was still grappling with numerous capacity problems. The new territory had only recruited 65-70 percent of the government's approved staff complement. A similar lack of capacity was evident in the development of key financial and programming reporting systems, and in the delivery mechanisms for core services. As well, the GN was still in the early stages of drafting required legislation, policies and regulations for operational activities that other governments in the country take for granted.

The limited operational period dictated that the GN could not rely on a wealth of historical information to identify trends and expenditure patterns. In addition, what little financial information did exist had to be used cautiously with the full understanding that the GN was still a new government with a focus on establishing priorities and addressing fundamental infrastructure problems. As such, the costs that would be incurred in the formative years of the government would not be typical of a fully mature government, and would not serve as a useful barometer for future costs.

On the other hand, the fact that the territory was new presented an enormous opportunity to introduce change. Neither had Nunavut settled yet into a bureaucratic routine, nor had costly long-term new programming commitments been made. The environment and timing were conducive to launching the kind of detailed assessment that would be required to ensure that priorities and programs were molded and steered in the direction that would best serve the territory's needs.

THE NEED FOR PROGRAM REVIEW

On April 1, 1999, the GN inherited most of the programs, delivery systems and personnel that had been in place as part of the Government of the Northwest Territories (GNWT). Retention of the GNWT's basic structure and programming activity promoted continuity in the delivery of basic services, and provided a measure of stability during the transition period. At the time, it would have been impractical and premature to attempt a fine-tuning of programs to the specific needs of the new territory. However, it was recognized that early in the life of the government, the GN would have to assess its programming activity to ensure that programs served the specific interests of Nunavummut, and facilitated the achievement of the territory's fiscal objectives.

While tailoring programs to Nunavut's unique needs and environment represented a primary reason for undertaking the review, other important considerations loomed in the background. There was a pressing urgency for the new government to obtain financial, program and base policy information from many quarters, and on several fundamental issues. In short, the GN needed to develop a sound understanding of its expenditures, revenues, future commitments and direction, and its scope of activities from a program perspective.

There were emerging budgetary concerns and fiscal pressures that suggested that Nunavut's budgetary resources might not be adequate to meet its basic needs in the near future, not to mention the anticipated growing financial requirements over time. The experience of the first two

years of operation also had shown a need to improve the reporting accountability for allocated funds, and to enhance the business planning and budget development cycles. As well, there was the perception that both the understanding and practice of program evaluation and policy change could be improved, and should be assessed in light of the priorities that were set out in the Bathurst Mandate.

The Program Review exercise would provide the GN with the opportunity to ask fundamental questions about its programming activity. Questions such as, but not limited to:

- How many programs does the GN deliver and what do those programs cost?
- Do the programs support the needs of Nunavummut and do they reflect the priorities of the GN?
- Do programs conflict with other services offered by the GN and can programs operate more efficiently and effectively?
- Are certain programs affordable now, and what are the anticipated costs to deliver those programs in the near future?

THE ANTICIPATED BENEFITS OF THE REVIEW

At the outset, it was recognized that the review would provide the GN with a number of immediate benefits, including the following. It would:

- Create a comprehensive inventory of government programs and services, and identify the costs and resources that are required to support them;
- Provide information that would support the Nunavut Fiscal Review, a joint study between the GN and Finance Canada on Nunavut's fiscal needs and circumstances. As well, it was anticipated that the review would provide valuable information to support the GN's position on the Formula Financing Arrangement.

As well, the review was expected to produce a number of long term benefits for the government, it would:

- Provide an assessment on whether or not, existing programs and services continued to fulfill their purpose, and determine how those programs and services fit within the context of the GN's priorities;
- Identify the program linkages that exist among government organizations, and determine whether or not, and to what extent, those relationships are supportive or conflicting in nature; and,
- Establish a comprehensive pool of policy and financial information on future programming needs to support long range planning in general, and provide the government with sufficient information to make decisions on the elimination, reduction, expansion or to maintain the status quo for existing programs. As well, it would provide sufficient justification to support the introduction of new programs.

REVIEW PROCESS

As planning evolved for the Program Review exercise, it became apparent that the project would have to be conducted in a number of separate, but sometimes overlapping phases.

During the first phase, the departments were asked to identify their major programming activities. Some criteria were added as guidelines to ensure that consistency was employed across the GN in the reporting of programming activity. For instance, departments were asked to carefully consider the identification of certain activities as programs where the annual expenditures did not exceed \$50,000.

Departments also were asked to look beyond the description of the activity to those characteristics of the activity that made it a separate and somewhat stand-alone initiative. Activity characteristics that were considered important enough to perhaps warrant separate reporting as a program included the following:

- Separate enabling legislation;
- A requirement to produce either an annual report or annual audited statements;
- A dedicated budget in the department even though it may not be presented as such in the Main Estimates;
- A specific target audience for the service;
- A specific set of guidelines for the activity that define the eligibility of clients;
- Individual grants and contributions as identified in the Main Estimates, treated as separate programs or grouped as related aspects of one or more programs;
- Services contracted to the GNWT, and other contracts that entrusted a third party to perform a government function or provide a government service; and,
- Vote 4/5 initiatives that are identified in the Main Estimates as, ... work performed on behalf of third parties.

It was recommended that activities that exhibited one or more of these should be reported as separate programs. More than 450 programs were identified in the first phase.

The departments were then asked to refine their list of programs and to complete a detailed questionnaire for each program. As a direct result of the more comprehensive analysis conducted in the detailed questionnaire, the number of potential programs was reduced from 450 to 336. The results of the 'Program Identification' and the 'Detailed Questionnaire' stages of the Information Gathering phase are reflected in the detailed description of programming activity that follows in this report.

OVERVIEW OF FINDINGS

Some general observations can be made about the Program Review exercise based on the information that was received from the departments for Phase 1, and the 'Detailed Questionnaire' phase.

Clearly, refinements still can be made to the departmental programming structures. Obviously, the concept of a program, in the context of the GN has to be defined to ensure that the

significant responsibilities that comprise departmental mandates are reported, and to facilitate a complete reporting of the department's scope of activity and priorities.

In addition, several activities and smaller programs that were reported separately appear to be somewhat related dimensions of the same program, and probably could be consolidated. Conversely, a number of programs appear to be embedded in very large programs, and should be separately reported.

As well, the preliminary findings of the Program Review exercise suggest that the presentation of financial information in the Chart of Accounts should be reviewed and in some instances revised to more effectively capture and display the complete costs associated with the delivery of programming activity. Changes may also be required in the development of the annual Main and Capital Estimates to reflect the total budgetary requirements of programs. In some instances, organizational changes may be necessary to properly align program resources and costs with program delivery expenditures.

HORIZONTAL ANALYSIS OF GN PROGRAMMING ACTIVITY

The tables that follow later in this report provide various interpretations of the information that was provided in the 'Detailed Questionnaire' phase. All 336 programs have been consolidated into a number of categories that attempt to provide additional insight into the basic 'activities' of the GN, the 'functions' that the programs perform, the 'clientele' served, and the 'delivery mechanisms' through which GN business is conducted.

The groupings presented in each of the four tables consolidate program information in a horizontal manner cutting across departmental lines in contrast to the traditional vertical approach that consolidated information within the departmental structure, and on a department by department basis.

The individual categories presented in each of the four tables are not mutually exclusive. In many cases, the decision to place a program in one activity, function, client group or type of delivery mechanism as opposed to another was based on the fact that the program simply seemed to have more characteristics of one category than other categories.

For instance, in the 'activities' table, the staff housing program was included in the 'Government Systems and Capacity' activity, virtually doubling the costs for that activity to \$75,360,000. Clearly, a case could be made for including some portion of staff housing costs with the 'Housing' activity since it is an influencing factor on both the demand and availability of housing in the territory.

In the summary by 'function', many programs, particularly in the Departments of Sustainable Development and Community Government and Transportation, may have advisory, administrative, regulatory, and service functions. In addition, within the 'clientele' categories, communities may be the primary clients for some programs, but there is no question that individuals and families benefit as well. Finally, many programs across the government have a mixture of grants, contributions and contracts to augment the direct delivery of services by staff. Ultimately, the subjectivity attached to this exercise is both strength and a weakness since it does allow for some creativity in determining what groupings are used and how programs are placed in those groupings, but it does lack the overall accuracy of a formula driven exercise.

Before focusing on some of the general findings of the inventory phase for the Program Review exercise, it may be of some benefit to describe the main features of each of the four broad groupings that were used to consolidate all GN programming activity.

The *ACTIVITIES* category sets out the basic services that are being provided by the GN, and the relative costs of those activities compared to GN total expenditures. All 336 programs were consolidated initially within the departmental structures and subsequently across departmental

lines until 14 major activities emerged as the most representative categories for presenting the specific programming activity of the government.

- Government Central Operations
- Government Systems & Capacity
- Training & Human Resource Development
- Economic & Community Development
- Transportation & Telecommunications
- Support to Community Government
- Health
- Housing
- Social Services
- Education
- Environment
- Culture & Heritage
- Judicial & Registries
- Public Safety

The *CLIENTELE* category identifies the primary users of programs, and the principal recipients of services, grants and contributions. In a very general way, profiling the clientele for various programs provides a useful overview of target audiences for government activity. Three very broad categories of clientele were identified.

- Community & General Public
- Families & Individuals
- Government

The *DELIVERY MECHANISM* category groups programs according to how those services and programs are delivered. The results indicate whether or not staff are directly involved in the provision of services, the role that contracting plays in the delivery of programs and the relative importance of grants and contributions in the government's expenditures. Three categories were developed for delivery mechanisms.

- Direct Service
- Contracted Service
- Grant/Contribution

The *FUNCTIONAL* categories are somewhat generic in nature and could be used by any provincial or territorial government. Classification by functional category allows programs to be grouped by the kind and type of role they perform for government rather than by the actual substance of the program. Four functional categories were developed

- Advisory
- Regulatory
- Administrative
- Service or Product Provision

PROFILING THE GN'S PROGRAMMING ACTIVITY

- In total, 336 programs were identified in the 'Detailed Questionnaire' phase.
- When the programs are sorted, in descending order by budgetary allocation for the 2001/02 fiscal year, the largest 30 programs account for 66% of the GN's budgetary allocation for that year.
- The largest 100 programs, essentially those programs with more than a \$1,000,000 budget, account for 87% of the territorial budget.

- The top 168 programs representing 50 % of GN programs account for 94% of the GN budget.
- Seven different departments provide direct support to the communities. Collectively, those departments operate 40 separate community development and economic development programs with a combined budget of more than \$64 million dollars.
- More than \$320 million dollars, representing 50% of the GN budget for 2001/02 was devoted to Health, Housing, Social Services and Education program activity.
- More than \$352 million dollars of programming activity was directed toward individuals and families.
- 241 of the 336 programs, with a combined budget of \$394 million, and more than 60% of the GN annual budget were services that were delivered directly to the residents and communities of Nunavut.
- When programs were reviewed on a functional basis, less than 10% or only \$42 million dollars was found to be strictly oriented to government administrative activities, while \$459 million dollars, or close to 75% was directly related to the provision of a specific service or particular product.
- For 2001/02, the GN administered 59 programs that provided \$82 million dollars in grants and contributions to individuals, communities, community based groups, and the environmental and business sectors.

The profile of the GN's programming activity, as presented above, provides some insight into the composition of the GN's program inventory. However, it needs to be pointed out that three factors have an influence on its overall accuracy.

- First, The percentage of the budget allocated to the larger programs will be reduced if some of the larger programs are split into three, four or even more programs. As the review progressed, it became apparent that many of the larger programs were in fact a combination of several distinct programming initiatives.
- Second, since the larger programs are likely to be broad in scope, there is an increasing likelihood as the group expands from the top 30 to the top 160 that many of the remaining programs are related to the top programs, and can be consolidated, and this process will increase the percentage for the top programs.
- Third, close to 40 programs have not been assigned any budget, either because they are new programs, or because they utilize federal funding. The lack of a budget reduces the impact of these programs, and forces a further increase in the percentages for the top programs.
- On balance, the second factor appears to be the most influential, and suggests that the budgetary impact for the top 30 to 160 programs is conservatively presented. It also suggests that as we continue to refine the programming structure of the GN that the territory will probably end up with approximately 250 programs. As previously noted, the largest 100 programs currently utilize close to 90 percent of the GN's annual budget.

Table 1: Programs/Services Count and Cost by Department, year 2001-02

DEPARTMENT	Total Number of Programs	Total Cost (\$000's)	Total Cost, %	Average Cost per Program (\$000's)	Cost of Median Program (\$000's)
Executive & Intergovernmental Affairs	24	8,639	1.4	360	263
Finance	21	38,955	6.2	1,855	820
Human Resources	15	18,497	2.9	1,233	674
Justice	24	37,495	5.9	1,562	367
Public Works and Services	39	86,327	13.8	2,213	218
Community Government and Transportation	51	65,415	10.5	1,283	212
Culture, Language, Elders and Youth	20	6,354	1.0	318	279
Education	65	145,472	23.3	2,238	255
Health and Social Services	18	145,928	23.5	8,107	4,254
Sustainable Development	37	31,532	5.0	852	414
Nunavut Housing Corporation	22	40,643	6.5	1,847	1,458
TOTAL	336	625,257	100	1,861	344

Figure 1-1: Total Number of Programs/Services by Department

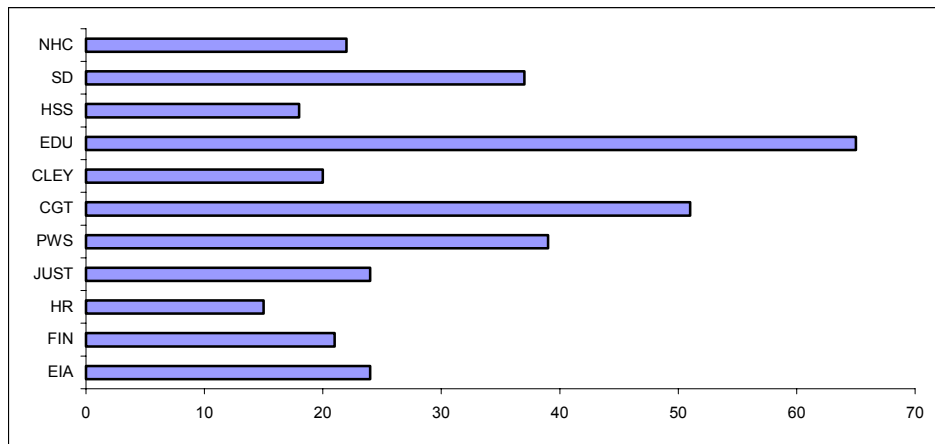


Figure 1-2: Total Cost of Programs/Services by Department

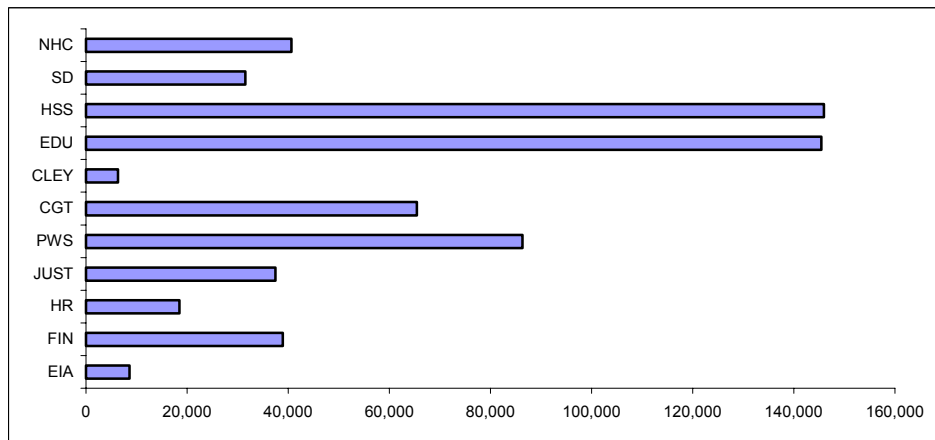


Table 2-1: Departmental Expenditures by Activity, year 2001-02 (\$000s)

ACTIVITY	DEPARTMENT											Total
	Executive & Intergovernmental Affairs EIA	Finance FIN	Human Resources HR	Justice JUST	Public Works & Services PWS	Community Government & Transportation CGT	Culture, Language, Elders & Youth CLEY	Education EDUC	Health & Social Services HSS	Sustainable Development SD	Nunavut Housing Corporation NHC	
Government Central Operations	6,733	16,361	1079	1,663	4,478	4,818	2,187	1,859	2,683	3,296	2,438	47,595
Government Systems & Capacity	--	9,372	--	--	65,834	--	--	154	--	--	--	75,360
Training & Human Resource Development	45	4,295	15,119	219	--	--	--	4,365	--	241	--	24,284
Economic & Community Development	567	4,750	2,299	--	1,200	5,928	--	1,048	--	15,316	--	31,108
Transportation & Telecommunications	--	4,177	--	--	13,761	14,711	--	419	--	--	--	33,068
Support to Community Government	--	--	--	--	--	31,535	--	1,618	--	--	--	33,153
Health	--	--	--	--	--	--	--	--	140,182	--	--	140,182
Housing	--	--	--	--	--	--	--	--	--	--	38,205	38,205
Social Services	--	--	--	--	--	20	562	30,856	3,063	--	--	34,501
Education	--	--	--	--	--	563	--	103,803	--	2,715	--	107,081
Environment	--	--	--	--	--	--	--	--	--	9,362	--	9,362
Culture & Heritage	562	--	--	--	--	4,186	3,605	965	--	--	--	9,318
Judicial & Registries	732	--	--	9,384	319	1,906	--	305	--	53	--	12,699
Public Safety	--	--	--	26,229	735	1,748	--	80	--	549	--	29,341
Total	8,639	38,955	18,497	37,495	86,327	65,415	6,354	145,472	145,928	31,532	40,643	625,257

Figure 2-1: Total Number of Programs/Services by Activity

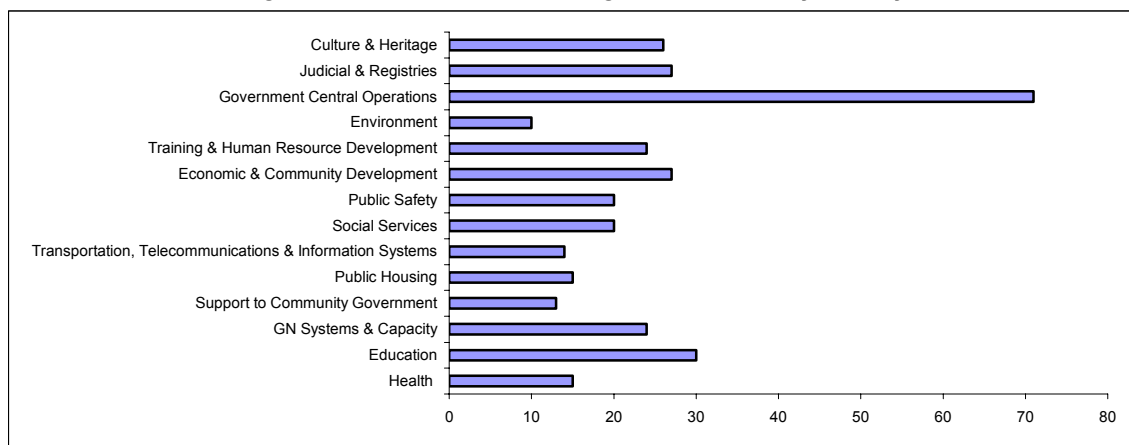


Table 2-2: Program/Service Count and Expenditures by Activity, year 2001-02

ACTIVITY	Total Number of Programs	Total Cost (\$000's)	Total Cost, %	Average Cost per Program (\$000's)	Cost of Median Program (\$000's)
Health	15	140,182	22.4	9,345	6,810
Education	30	107,081	17.1	3,569	259
GN Systems & Capacity	24	75,360	12.1	3,140	173
Support to Community Government	13	47,595	7.6	670	405
Public Housing	15	38,205	6.1	2,547	1,879
Transportation, Telecommunications & Information Systems	14	34,501	5.5	1,725	488
Social Services	20	33,153	5.3	2,550	777
Public Safety	20	33,068	5.3	2,362	1,820
Economic & Community Development	27	31,108	5.0	1,152	698
Training & Human Resource Development	24	29,341	4.7	1,467	576
Environment	10	24,284	3.9	1,012	296
Government Central Operations	71	12,699	2.0	470	214
Judicial & Registries	27	9,362	1.5	936	294
Culture & Heritage	26	9,318	1.5	358	263
TOTAL	336	625,257	100	1,861	344

Figure 2-2: Total Cost of Programs/Services by Activity

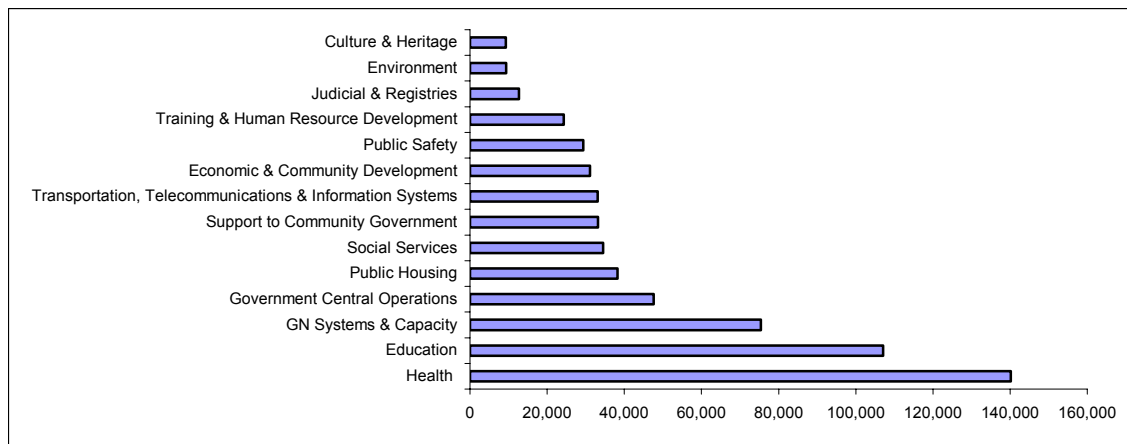


Table 3: Programs/Services Count and Expenditures by Clientele Group, year 2001-02

CLIENTELE GROUP	Total Number of Programs	Total Cost (\$000's)	Total Cost, %	Average Cost per Program (\$000's)	Cost of Median Program (\$000's)
Individuals & Families	92	352,196	53	3,828	429
Government	105	124,719	21	1,188	435
Community & General Public	139	148,342	26	1,067	280
TOTAL	336	625,257	100	1.861	344

Figure 3-1: Total Number of Programs/Services by Clientele Group

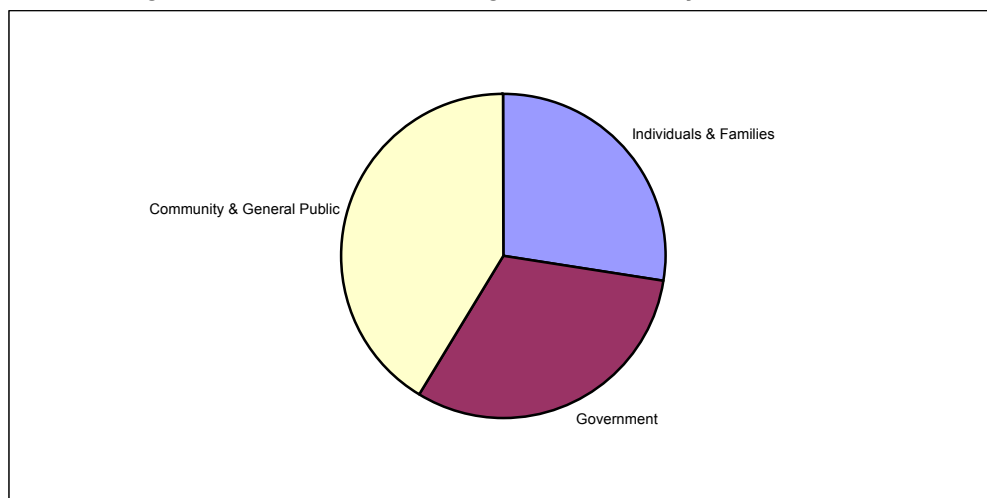


Figure 3-2: Total Cost of Programs/Services by Clientele Group

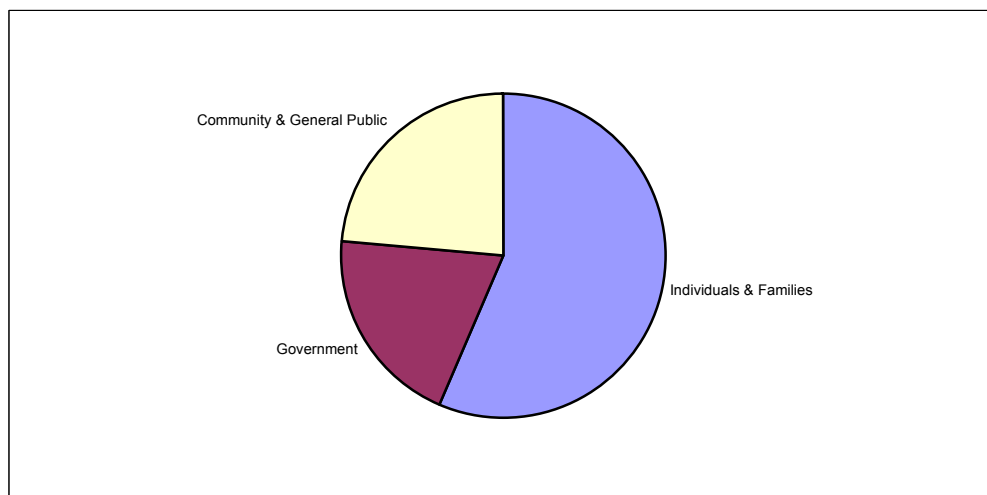


Table 4: Programs/Services Count and Expenditures by Delivery Mechanism, year 2001-02

DELIVERY MECHANISM	Total Number of Programs	Total Cost (\$000's)	Total Cost, %	Average Cost per Program (\$000's)	Cost of Median Program (\$000's)
Contracted Services	36	148,836	24	4,134	1,800
Direct Services	241	394,320	63	1,636	299
Grant/Contribution	59	82,101	13	1,392	372
TOTAL	336	625,257	100	1.861	344

Figure 4-1: Total Number of Programs/Services by Delivery Mechanism

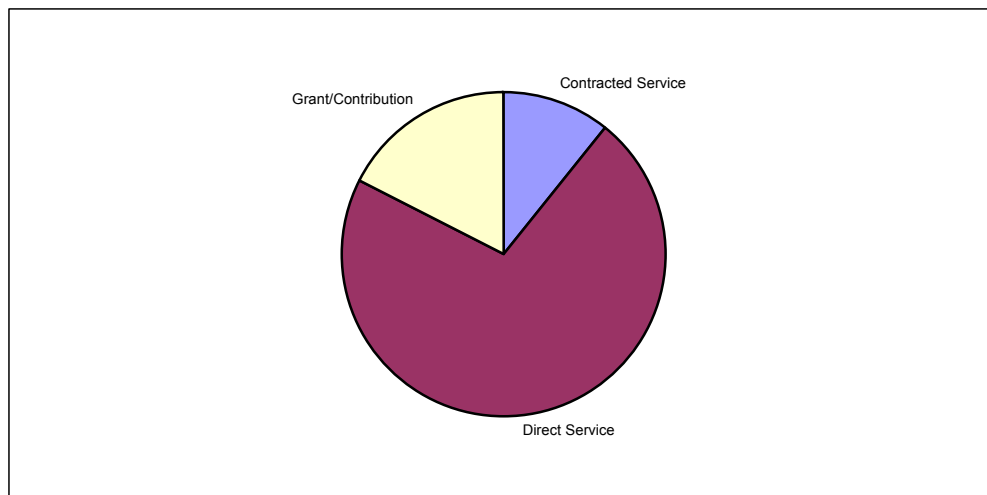


Figure 4-2: Total Cost of Programs/Services by Delivery Mechanism

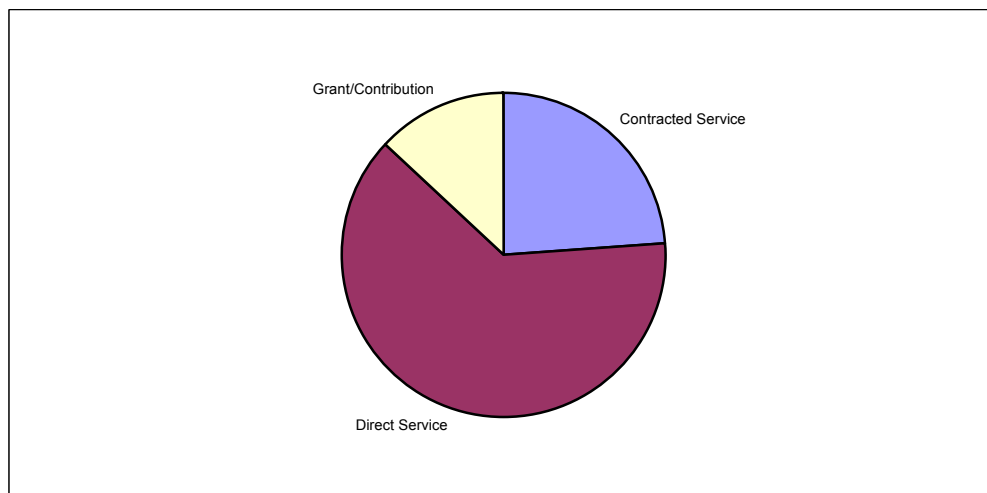


Table 5: Programs/Services Count and Expenditures by Function, year 2001-02

<i>FUNCTION</i>	<i>Total Number of Programs</i>	<i>Total Cost (\$000's)</i>	<i>Total Cost, %</i>	<i>Average Cost per Program (\$000's)</i>	<i>Cost of Median Program (\$000's)</i>
<i>Service & Product Provision</i>	157	458,777	74	2,922	371
<i>Administrative</i>	36	42,301	6	1,175	613
<i>Regulatory</i>	37	43,914	7	1,187	320
<i>Advisory</i>	106	80,265	13	757	309
TOTAL	336	625,257	100	1.861	344

Figure 5-1: Total Number of Programs/Services by Function

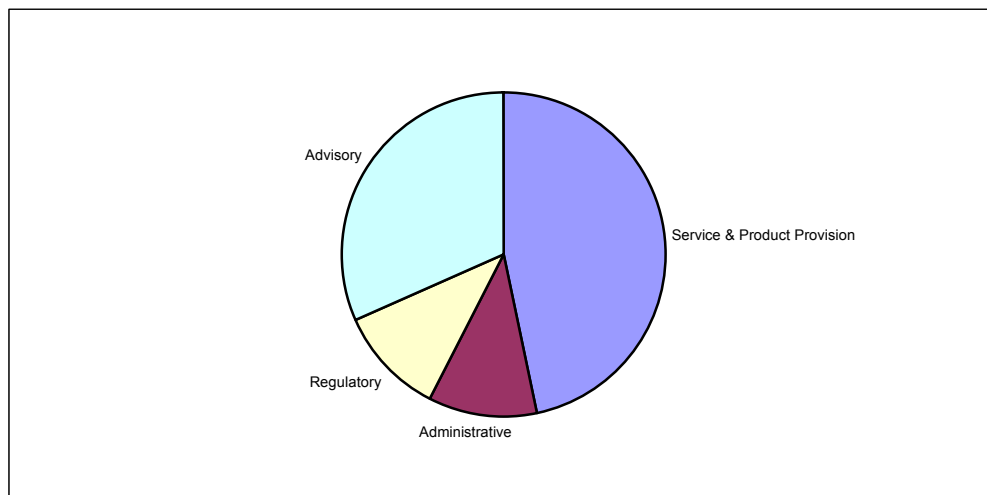


Figure 5-2: Total Cost of Programs/Services by Function

