

2006 Pre-Budget Public
Consultation

*Addressing the
High Cost of Living*

BACKGROUND

August 24 – September 1, 2006

Kevin Menicoche
Chairperson

The Standing Committee on Accountability and Oversight is:

Kevin Menicoche, MLA Nahendeh (Chair)
Bill Braden, MLA Great Slave (Deputy Chair)
Jane Groenewegen, MLA Hay River South
Robert Hawkins, MLA Yellowknife Centre
Jackson Lafferty, MLA Monfwi
Sandy Lee, MLA Range Lake
Robert McLeod, MLA Inuvik Twin Lakes
Calvin Pokiak, MLA Nunakput
David Ramsay, MLA Kam Lake
Robert (Bobby) Villeneuve, MLA Tu Nedhe
Norman Yakeleya, MLA Sahtu

The Committee includes all Regular Members of the Legislative Assembly. An important part of our mandate is reviewing issues that have government-wide implications, including the overview of the budget.

August 2006

Dear Northwest Territories Resident,

The Standing Committee on Accountability and Oversight wants to hear from you on what the Government of the Northwest Territories' spending priorities should be.

For the second year, Members of the Committee are traveling to several NWT communities this fall to hear from the public. We are doing this because in the past we do not think enough people and organizations have had a chance to tell MLAs about their priorities and views of how government should spend its money.

The response to our first pre-budget consultations in August 2005 was very positive. Meetings were well-attended, and many people expressed support for what we were doing. The Committee used what we learned to provide guidance to the Government on the 2006-2007 budget and for the 2007-2010 business plans which are currently under development.

This year, the focus of our pre-budget consultations is the cost of living. The cost of living was one of the concerns we heard about the most during last year's consultations. This includes the cost of essentials such as housing, food, electricity, and fuel.

The GNWT already spends about \$128 million, or about 13% of its total budget, on subsidies to help reduce the cost of living, including public housing, income assistance, and fuel and power subsidies. The GNWT has said that while

subsidies may be a necessary interim measure to manage the cost of living, they will not be sustainable in the long run and do not encourage the efficient use of resources.

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

We want you to tell us about things like:

- ❑ What are people in your community doing to lower their own energy and utility costs by conserving? What would help them use less fuel and power? Have they heard about the Arctic Energy Alliance and its programs?
- ❑ Do you support Government investment in more highways and bridges, hydroelectric projects and high speed internet to lower costs?
- ❑ One of the suggestions we heard during last year's consultations was that people and communities could lower their food costs by producing more of their own food through harvesting activities, farms (where the soil and climate are right), gardens or greenhouses, and livestock operations. Would people in your community be willing to harvest or grow more of their own food, and if so what Government support would help?
- ❑ One way to lower costs is through more competition. If there are more homes for rent, or more grocery stores, costs are usually lower. Cooperatives owned by local groups are also sometimes able to provide lower prices. What businesses are available in your community? What if anything should the Government do to help start up local businesses and/or cooperatives? Are the business development programs the Government has now working? Why or why not?
- ❑ What could the Government do to lower its own costs?

The input you give us will help us as we consider the Government's 2007-2010 draft business plans this September. By sharing your views with us, you may see some of your ideas, hopes and priorities reflected in future budgets.

This package includes information on:

- the priorities the Legislative Assembly and our Committee set for ourselves at the beginning of our term,
- the GNWT's 2006-2007 budget generally, and
- specific information about your community.

Statistics and information on the Government's efforts to address energy costs and the overall cost of living can be found at:

www.premier.gov.nt.ca/documents/EnergyPresentationNovember212005notespage.pdf

and

www.premier.gov.nt.ca/documents/CostofLivingPresentation-Jan.19-05.pdf, or by contacting the Office of the Deputy Clerk of the Legislative Assembly at 920-2299 or 1-800-661-0784 (toll-free).

If you would like more detailed information, you may wish to look at the 2006-2007 Budget Address, the 2006-2009 Business Plans, the 2004-2005 Results Report, the GNWT Strategic Plan 2005 Progress Report, and/or the 2003-2004 Geographic Tracking of Expenditures Report. These are available on the GNWT's website at:

<http://www.gov.nt.ca/research/publications/index.html>,

or by contacting the Office of the Deputy Clerk of the Legislative Assembly at 920-2299 or 1-800-661-0784 (toll-free).

We look forward to talking with you!

Sincerely,



Kevin Menicoche
Chairman

Our Priorities

In addition to our collective Vision and Goals for the 15th Assembly, the Standing Committee on Accountability and Oversight agreed to the following priorities:

- ❑ Human Resources
- ❑ A Review of all GNWT Boards and Agencies
- ❑ A Review of the Operations and Mandate of the NWT Housing Corporation, Including the Rent Scales for Social Housing
- ❑ An Operational Review of the Workers' Compensation Board and Completion of the Amendments to the Act
- ❑ Consideration of new legislation to protect whistleblowers
- ❑ A Review of the *Liquor Act*
- ❑ A Review of the *Residential Tenancies Act*
- ❑ Cost/Benefit Analysis of the Business Incentive Policy
- ❑ Improving the Land Transfer Process, and in Particular, Accelerating Land Transfers to Municipalities
- ❑ Increased Investment in Early Childhood Development Programs
- ❑ Construction of an All-Weather Road Between Tuktoyaktuk and Inuvik
- ❑ Increased programming for drug and alcohol addictions, rehabilitation and treatment
- ❑ Adequate resources for transition houses for victims of domestic violence
- ❑ Reduction of the infrastructure deficit
- ❑ Role for elders in NWT Government
- ❑ Adequate support for frontline organizations

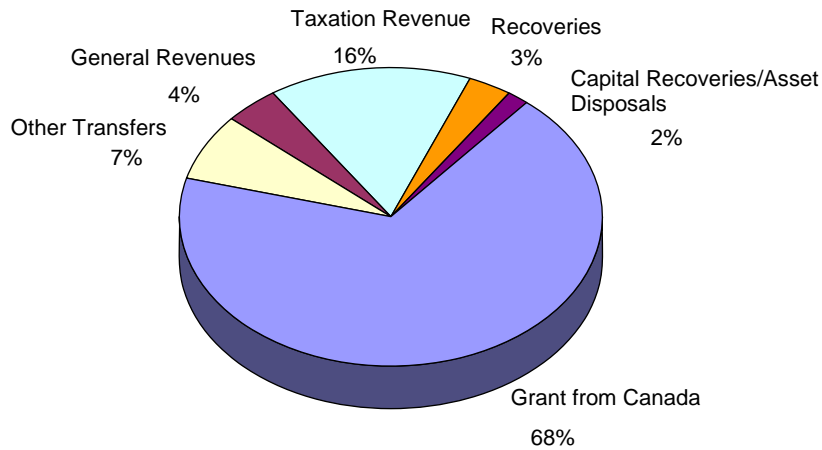
Work on many of these priorities is well underway.

If you want to know more about the status of these priorities, you may wish to look at the Committee's Report on Progress on Committee Priorities and Objectives from June 2006. A copy is available from the Office of the Deputy Clerk of the Legislative Assembly by contacting 920-2299 or 1-800-661-0784 (toll-free).

Where Does the GNWT's Money Come From?

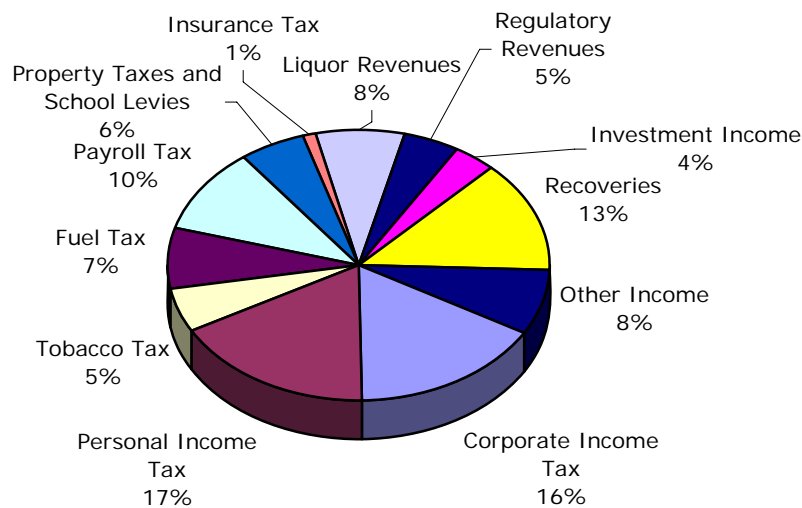
The GNWT is expected to have just over \$1.1 billion in revenue in 2006-2007. Here is where it will come from:

Total GNWT Revenues by Source 2006-2007



Just over \$275 million, or one quarter of the GNWT's money is expected to come from its own sources, mainly taxation. Here is where it will come from:

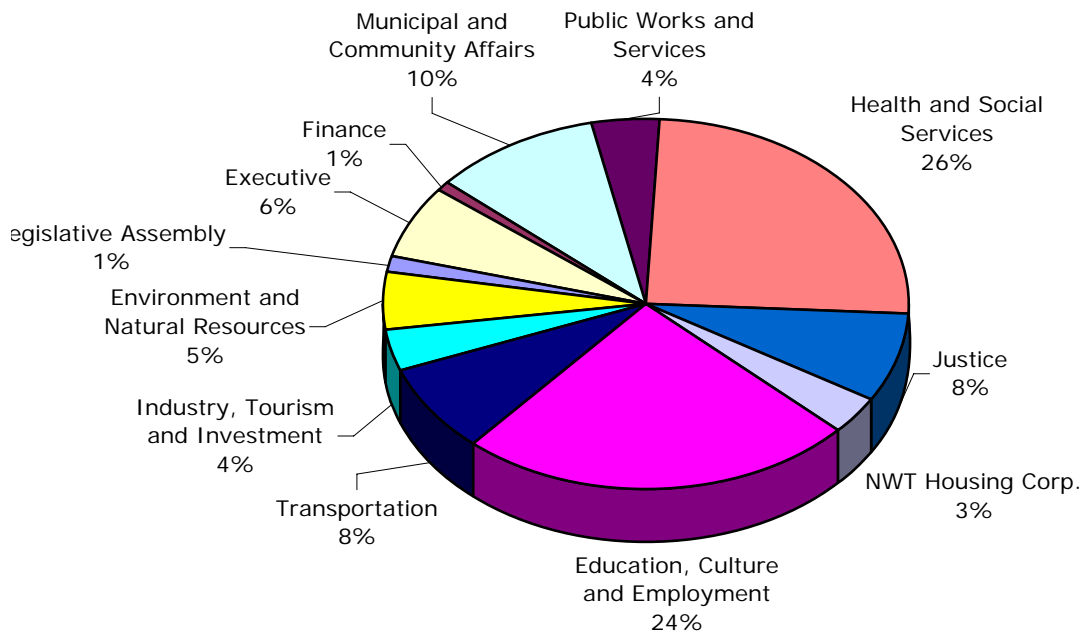
GNWT Own-Source Revenues 2006-2007



Where Does the GNWT's Money Go?

The GNWT is expected to spend \$1.07 billion on Operations in 2006-2007. This is where the money will go:

Operations Expenditures by Department 2006-07



The 2006-07 Budget includes \$41 million in funding for new initiatives as well as \$55 million to address the increased costs of existing programs and services. However, this forced growth is partially offset by \$23 million in expenditure reductions in other areas.

Major new initiatives include:

Helping Promote Self-Reliant, Healthy, Educated Northwest Territories Residents

- ◆ \$400,000 to develop and implement the Healthy Choices Framework – a healthy eating and physical activity communication plan and a curriculum for NWT schools.

- ◆ \$6.4 million to fund increased demand for health services including funds to reduce wait times at the Stanton Emergency Department, expand the nurse practitioner program, establish an Aboriginal Wellness Program at Stanton Hospital, enhance dialysis and cancer treatment programs, and expand rehabilitation teams.
- ◆ \$1.8 million to increase contributions to Education districts and authorities for student support funding from 15 per cent to 17 per cent in 2006-07.
- ◆ \$1.6 million for on-going delivery costs of full-time kindergarten programs.
- ◆ \$240,000 to fund a pilot program for community-based distance learning education of various grade 7 to 12 courses to prepare Aboriginal students to enter post-secondary education-related programs.
- ◆ \$326,000 to increase the low-income senior citizen supplementary benefit from \$135 to \$160 per month.
- ◆ \$500,000 to implement a Northern Youth Program to coordinate GNWT youth-based initiatives.
- ◆ \$696,000 to help fund the NWT Games Program, the 2008 Arctic Winter Games and the 2007 Canada Winter Games.

Encouraging Well-governed, Sustainable Communities

- ◆ \$4 million for the Community Capacity Building Fund to construct new affordable housing units in 14 of the smallest NWT communities where the number of households in core need is greater than 30 per cent.
- ◆ \$1.3 million for the Northern Community Insurance Program to help address the insurance implications of the transfer of community public infrastructure from the GNWT to community governments. This community self-insurance program was developed to mitigate the effects of increasing insurance premium costs faced by community governments. The short-term support provided for the program will help to ensure its long-term sustainability.
- ◆ \$715,000 to improve the management of drinking water in various NWT communities.
- ◆ \$440,000 to help build community government capacity to address Mackenzie Gas pipeline issues.

- ◆ \$350,000 for the interim grant program for 2006-07 to flow property tax revenue under the New Deal for Community Governments to those communities that do not currently raise their own property tax revenues.
- ◆ \$4.5 million in community funding from the federal Gas Tax Transfer Agreement.

Creating a Diversified Economy

- ◆ \$1 million to implement Tourism 2010, a multi-year tourism plan designed to help the NWT compete more effectively in the global marketplace by providing valuable “tourism lures” in more remote locations, to help increase the number of tourism-based businesses in all regions, to work to increase revenues for existing tourism and small business operators in NWT communities and to provide training for NWT hospitality workers.
- ◆ \$1 million in contribution funding to the Northwest Territories Energy Corporation and its project partners, the NWT Métis Nation and the Akaitcho Territory Government, to complete feasibility studies and environmental base line work necessary to file a permit application for construction of the Taltson Hydro Expansion Project.
- ◆ \$1.3 million to address Mackenzie Gas pipeline issues including funding services to support negotiation of a socio-economic agreement with the Mackenzie Gas Pipeline Producers Group and to support the GNWT as an intervener in the National Energy Board reviews.

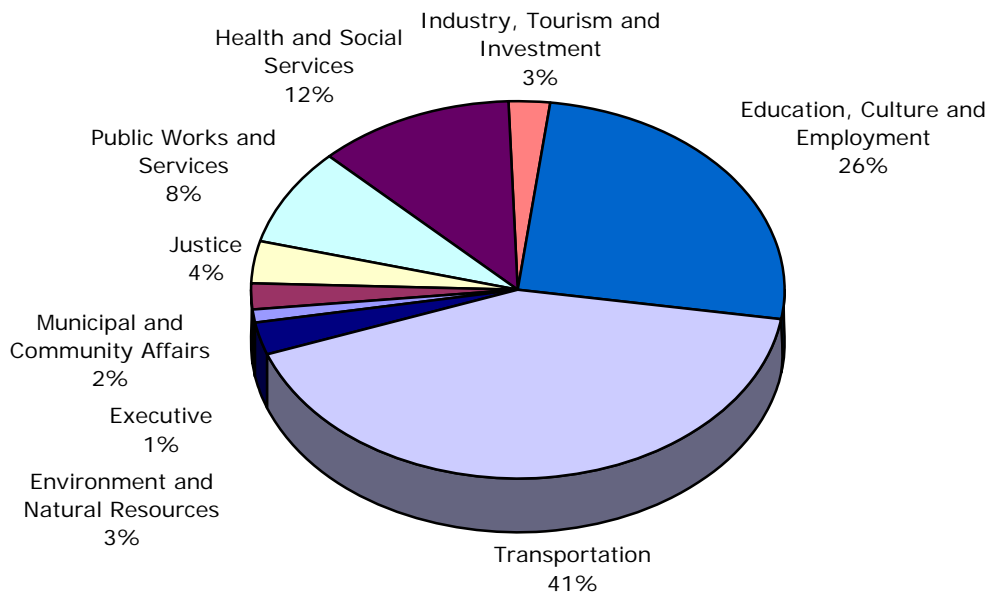
Developing a Strong Northern Voice and Identity

- ◆ \$1.7 million to ensure the government has the resources to participate in lands, resources and self-government negotiations.
- ◆ \$1.7 million extension of funding to enable the government and the Aboriginal Summit to continue to participate in devolution and resource revenue sharing negotiations.

◆ **Capital Investments**

The GNWT has also budgeted \$141 million for infrastructure (capital) investments in 2006-2007. Here is where it will go:

***Direct Investment in Capital Assets by Department
2006-07***



The major infrastructure capital investments are:

- ◆ \$19.7 million for three new schools and for renovations in other schools, for a total of \$114 million in direct investments over the time period of the Acquisition Plan;
- ◆ \$2.6 million for upgrades to water treatment plants, solid waste disposal sites and sewage treatment plants and various community building repair;
- ◆ \$9.8 million for airport improvements, including \$5.2 million for runway enhancements, \$3.6 million for buildings and \$1 million for airport equipment;

- ◆ \$35.6 million for various highway programs, including \$11 million for the Mackenzie Valley Winter Road bridge program;
- ◆ \$2.2 million for upgrades and building repairs in various territorial parks;
- ◆ \$1.4 million for the North Slave wildlife laboratory complex;
- ◆ \$1.1 million for forest management infrastructure including improvements to the North Slave heliport;
- ◆ \$1.6 million for improvements at the Prince of Wales museum, including \$1.4 million to build the Aviation Gallery;
- ◆ \$6.4 million for replacement of Aurora College student residences in Fort Smith and to build new student residences in Inuvik;
- ◆ \$11.9 million for renovations to hospital units, medical equipment and health record management upgrades, for a total of \$93 million over the period of the Plan; and,
- ◆ \$6.8 million for tank farm code upgrades and capacity increases.