

**THE GNWT'S RESPONSES TO THE
STANDING COMMITTEE ON
ACCOUNTABILITY AND OVERSIGHT**

**R E P O R T O N
P R E - B U D G E T
C O N S U L T A T I O N S**

INTRODUCTION

The Government of the Northwest Territories recognizes and applauds the work and innovation of the Standing Committee of Accountability and Oversight in undertaking advance public consultation on budget matters, and preparing the first *Report of Pre-Budget Consultations* (the Report).

The Report fits well with the Government's commitment to transparency and openness and builds on other new directions and approaches that have been introduced, such as the Circle of Northern Leaders and the new Deal for Community Governments. The Government has always found significant value in any of the community consultation processes it has undertaken. Obtaining grass roots input into our planning and decision-making is absolutely essential and is fundamental to the way we do business. We must all work together to bring about the positive changes our territory needs.

Presented in this document are the Government's preliminary responses to the observations and advice contained in the Report. The Report has been extremely valuable as we worked to finalize our 2006-07 Budget, even though the timeframe within which to build changes into the Budget was short. The Government is confident that the Report will have even greater value in the upcoming months as the 2007-08 Business Plans are developed. Within the resources available, we will make every effort to respond to the issues raised in this first Report, which should be the first of many to come.

I. Support for Community and Frontline Organizations

- ❖ **Non-Government Organizations are concerned by the lack of forced growth funding, which is impacting the effectiveness of programs and services they offer.**

GNWT Response: The Government of the Northwest Territories (GNWT) recognizes the need to review how it funds Non-Government Organizations (NGOs). Greater consistency in funding practices and measures to determine funding adequacy are required.

The recently implemented Third Party Accountability Framework and the existing provisions of the *Financial Administration Act (FAA)* establish various levels of accountability that attaches to the funding provided to NGOs. However, neither provide guidance on how to determine the level of funding required.

Recognizing this gap in policy, the Financial Management Board (FMB) approved a framework for determining eligibility for forced growth funding for use in the development of the 2006-07 Business Plans. The new Third Party Funding Criteria provide guidelines to GNWT departments in determining eligibility of various NGOs for forced growth funding. Once fully implemented, these criteria will bring greater consistency and fairness to how funding levels are determined. In assessing the eligibility of an NGO for forced growth funding, the following criteria are now considered:

1. the nature of the function or role performed by the third party organization;
2. the nature of the costs incurred by the third party organization;
3. the importance of stability and predictability of multi-year funding levels to the third party organization;
4. the proportion of fixed and variable costs of the third party organization;
5. the third party's ability to influence or control its costs; and
6. the organization's ability to maintain levels of service.

- ❖ **The lack of multi-year funding for Non-Government Organizations limits their ability to make long range plans and commitments, including providing job security for staff.**

GNWT Response: GNWT Departments currently have the authority to enter into multi year funding arrangements with NGOs. Pursuant to the *FAA*, future year funding levels are subject to the annual appropriation being approved by the Legislative Assembly. Multi-year funding is not an appropriate approach for all NGOs or situations, but where it is, there is no technical impediment to it.

While the use of multi-year funding can eliminate the need for annual funding proposals by NGOs and provide funding certainty to these organizations that facilitates longer-term planning, the annual funding installments are still contingent on clear accountability requirements.

The GNWT is currently undertaking a review to modernize the *FAA*. Included as part of this review is a look at how the GNWT relates to its NGOs, including a look at standards that need to be in place to promote good governance, including consideration of multi-year funding agreements.

The GNWT recognizes that the governance structure to support and deliver programs continues to evolve. This means that we need an *FAA* that is both flexible but also demands accountability of all NGOs that are utilized to carry out the Government's mandate.

- ❖ **Non-Government Organizations need better coordination for funding dollars, and inclusion in departmental planning and decision-making processes.**

GNWT Response: The GNWT agrees there is a need for better coordination between GNWT departments and NGOs in the planning and budgeting process.

In May 2005, the Financial Management Board approved the Third Party Accountability Framework, *Excellence Through Partnerships*. The Framework was developed to clarify the reporting and accountability requirements of NGOs in the management of funding provided to them by the GNWT.

The Framework generally refers to a cycle of planning, implementing, monitoring, evaluating, reporting and improving. For each component of the cycle the Framework establishes levels of accountability requirements.

The Framework recognizes the operating characteristic of NGOs are different depending on the level of responsibility (in terms of funding, getting results and maintaining public confidence) they are accountable for and thus outlines a matrix that categorizes NGOs accordingly. The categories are as follows:

- ◆ Category 1: Major service delivery bodies and commercial crown corporations.
- ◆ Category 2: Other service delivery and commercial crown corporations.
- ◆ Category 3: Quasi-judicial, advisory and some service delivery bodies.

The level of accountability an NGO is assigned is determined by which category the NGO is determined to fall into. For example, all category 1 NGOs and their sponsoring department are required to consult extensively on planning, including:

- ◆ Two-way strategic planning including, the development of vision, mission, goals, strategies and performance measures and targets.
- ◆ Developing multi-year business plans and estimates including, identifying capital requirements and operating budgets.

A copy of *Excellence Through Partnerships* is included in Attachment 1.

The need for improved inter-action between departments and NGOs was also reflected in the actions identified in *Doing our Part: The GNWT's Response to the Social Agenda (October 2002)*.

The Department of Health and Social Services received funding for the implementation of eight (8) community demonstration projects to develop activities to help communities and the GNWT work together more effectively. A results-based management and accountability framework was developed and put into plain language for use by communities and NGOs.

The Department of Municipal and Community Affairs participates in Volunteer NWT, a non-government organization mandated to support and promote the voluntary sector. Volunteer NWT has established a Finance Action Working Group to explore funding concerns of non-government organizations, with a view to ensuring better coordination between GNWT departments and NGOs. The results of the Working Group's research will be used as the basis for further discussions with all GNWT departments.

2. Support for Front Line Workers

- ❖ **Adequate funding is required by Non-Government Organizations, to address increasing workloads, training, professional development and other support services. Wages for frontline workers are low, and funding levels do not enable NGOs to provide benefits.**

GNWT Response: For the 2006-09 business planning process, the Financial Management Board (FMB) approved a framework for Third Party Funding Criteria to provide guidelines to GNWT departments in determining eligibility of NGOs for forced growth funding, as well as, bringing greater consistency and structure on how this funding is determined (See response under #1).

- ❖ **Renewed commitment to implementing the Social Agenda, including strengthening and increasing the frontline resources in NWT communities.**

GNWT Response: The GNWT's Strategic Plan (June 2004) identifies the GNWT's continued commitment to the Social Agenda, and the implementation of actions identified in *Doing our Part: The GNWT's Response to the Social Agenda (October 2002)*. A Progress Report prepared in May 2004, demonstrates the GNWT has implemented many of the actions identified.

The GNWT has significantly increased investment into social programs over the last five years. Since 1999/00, expenditure growth in social program spending has increased by over 55%. A significant portion of this spending has been directed at increasing frontline resources. For instance, public sector growth in health care professions has increased by over 57% over this time, which includes increases to Nursing, Mental Health and other Allied Health Care Professionals. In this same time period public sector growth for the educational councils was over 10% largely due the additional Classroom and Special Needs Assistants.

- ❖ **There is significant concern that not all front-line workers have a suitable and appropriate place to do their job. A specific example given is in Paulatuk, where the Income Support Office is located in the school.**

GNWT Response: The availability of suitable office space is an issue in smaller communities, for all GNWT departments. This is an issue that has been flagged for review during development of the 2007-08 Business Plans.

3. Cost of Living and Poverty

- ❖ **Yellowknife agencies identified the need for a Youth Coalition, to address the large number of youth who are too old for child welfare to assist them, but not old enough to access income support.**

GNWT Response: In October 2005, FMB directed the Departments of Education, Culture and Employment, Health and Social Services and the NWT Housing Corporation to develop a policy framework and action plan for issues surrounding homelessness. In October 2005, the Departments prepared the *Homelessness in the NWT – Recommendations to Improve the GNWT Response Report (Attachment 2)*. Among others, the Report identified homeless youth as a particularly vulnerable population and identified several barriers that exists for youth in accessing housing, including:

- ◆ The lack of overnight emergency shelters
- ◆ Existing emergency shelters do not generally take in youths 18 and under, unless in an extreme emergency situation
- ◆ Income support eligibility limited to those 19 and over
- ◆ Child Protection Workers cannot apprehend youth over 16, and can only offer services with the youth's consent
- ◆ Male children over 16 cannot accompany their mother to a women's shelter

A Youth Coalition could be coordinated with the policy framework and action plan on homelessness, to address the needs of youth who cannot access Income Support, or public housing, on their own.

It is anticipated the action plan that identifies immediate priorities, program planning and analysis, and funding requirements will be submitted for consideration in the 2007-10 business planning process.

- ❖ **Income Support Program - concerns were with the level of service provided, as well as the way the program is administered. It was recommended that public consultations take place, with NGO's, recipients, and Aboriginal organizations.**

GNWT Response: An Income Security System must be consistent, fair and respectful for NWT residents and offer links to programs and services that provide the necessary skills for individuals to be self-reliant. The Department of Education, Culture and Employment's Income Security Reform Initiative will develop a common comprehensive policy for GNWT income security programs to facilitate the delivery of a more efficient and effective system that better serves clients. It should be noted that this review includes all income security programs, not specifically income assistance or income support programs. Key actions for 2006-07 include:

- ◆ Introducing a common policy for GNWT income security programs.
 - ◆ Developing a comprehensive Income Security Program Model.
 - ◆ Developing and introducing an integrated case management approach describing how various service providers will work together.
 - ◆ Creating one-stop community access centres linked to regional career centres.
- ❖ **Several suggestions were noted to address the high cost of living in the NWT, including:**
 - ◆ **Developing and implementing a comprehensive strategy to eliminate poverty.**
 - ◆ **Eliminate the Child Tax Benefit claw back on income support.**
 - ◆ **Increase the income support allowances for food and make provisions for necessities such as: phone service, toiletries, school expenses and household cleaning and personal care items.**
 - ◆ **Lower corporate tax rate and payroll tax burden.**

GNWT Response: The GNWT recognizes that the cost of living in NWT communities is high. Mitigating some of the impacts of the higher living costs is particularly a problem in smaller communities where employment and income levels are lower than larger communities.

The GNWT currently addresses cost of living issues either through (i) direct subsidy or support programs or (ii) a combination of other programs or initiatives that specifically address the factors that contribute to the high cost of living.

(i) The 2005/06 budget included over \$120 million for direct subsidy or support programs. These programs are primarily targeted at lower income households or those communities where certain commodity prices are higher. Some examples of these types of programs include:

- ◆ Territorial Power Subsidy Program
- ◆ Water and Sewer Subsidy Policy
- ◆ Public Housing Program
- ◆ Income Assistance
- ◆ The Cost of Living Tax Credit
- ◆ Seniors Home Heating Subsidy

(ii) Along with the direct subsidy or support programs, there are a variety of other programs that help mitigate the factors contributing to higher costs. Some of these include:

- ◆ The Department of Municipal and Community Affairs' Land Development Program provides assistance to non-taxed based communities to help reduce the costs associated with developing lots.
- ◆ The personal income tax system in the NWT, provides both a Cost of Living Tax Credit and a Northern Residents Deduction that reduces the tax burden for NWT residents.
- ◆ Current studies being undertaken for the development and expansion of future and current hydro-electric projects.
- ◆ Additional investments made by the Department of Transportation to expand the winter road season in the Mackenzie Valley and the winter road to Wekweti.

The overall goal of the GNWT is to reduce the cost of basic necessities such as shelter, energy, food and clothing in communities. While some specific direct subsidy and support programs will always be necessary as part of the social safety net, many are not desirable in the long term as they may not encourage wise consumption or investment in addressing the underlying causes of high costs.

The GNWT current Cost of Living Framework (**Attachment 3**) speaks to the long-term goal of looking at alternatives, such as the initiatives described under (ii), to alter the cost structure of living in NWT communities. To do this, several important components must be addressed:

- ◆ Reducing energy and utility costs. Supplying electricity, fuel, and other utilities to NWT communities is costly, particularly in the smaller communities. These communities are subsidized by the GNWT but these subsidies are not consistently designed and targeted. The long-term goal should be to find ways to capture better economies of scale, to find more efficient ways of generating and using energy and other utilities, and to improve consumption efficiency.
- ◆ Reducing transportation costs. The high costs associated with the long distances between import markets and NWT communities cannot be changed but can be mitigated with improved road access to communities thereby reducing reliance on air and water transportation, reducing the need for carrying large inventories and encouraging inter-community trade. However, it is costly to improve and maintain public highway infrastructure. Opportunities for cost-sharing transportation investments with industry and the federal government are being pursued.
- ◆ Transportation investments can also reduce the cost of delivering government programs and services and/or provide opportunities for capturing improved economies of scale. This can reduce the tax burden on the economy and thus reduce cost of living.
- ◆ Reducing communication costs. Funding is available from the federal government to help reduce communication costs. This funding is limited and often hard to access. Improved communication links at lower costs should however be a priority as it would reduce cost of living and also may reduce the cost of providing government services and/or improving community access to such services.
- ◆ Increasing market development/competition. Business competition must be encouraged. To help achieve this, employment and income levels must be increased in the smaller communities to increase market demand. Expanded access for consumers to alternative suppliers through improved transportation and communication links can also foster expanded markets and competition.

- ◆ Increasing employment and income levels. The GNWT policies should promote development and investment to stimulate growth in the labour force and income levels.
- ◆ Reducing GNWT program costs by operating efficiently and spending effectively and thereby reducing the tax burden on the economy.

4. Adequate, Affordable Housing

- ◆ The lack of adequate and affordable housing contributes to homelessness; social problems; crime; and difficulty in recruitment of teachers, nurses. Other issues raised included:
 - ◆ the long waiting lists for public housing
 - ◆ shortage of housing for seniors and disabled persons
 - ◆ difficulty in accessing funding for residential rehabilitation
 - ◆ age of public housing stock

GNWT Response: The NWT Housing Corporation's 2006/07 Main Estimates were developed based on the implementation of a new organizational structure, with additional resources to implement its new mandate.

The new mandate requires the NWT Housing Corporation to ensure there is an adequate supply of suitable and affordable housing stock in the NWT communities to meet the housing needs of NWT residents. This includes the consolidation of subsidized home ownership programs, from more than 20, into four program foundations, and to simplify access to NTHC programs by territorial residents. The proposed four new foundations will focus on home ownership at all levels, from counseling prior to entering home ownership, to direct home purchasing assistance, to maintenance and improvements.

Over the next 5-7 years there is potential to see changes to the housing environment that will impact generations. There are opportunities that are being presented the NWT that will result in over 2000 new, affordable homes that would significantly improve the well-being of NWT residents. These include:

- ◆ **Northern Strategy:** The federal government, concurrent with an announcement on a Framework for a Northern Strategy, announced funding of \$120 million to be divided evenly between the three territories. In recognition of the state of housing in the North, Cabinet allocated \$4 million to address housing needs from NWT's share (\$40 million).
- ◆ **New Federal Funding**
Bill-C48 - \$50 million over the next two years (over 500 homes): The federal government's Bill C-48 from the last budget contains a \$1.6 billion national federal contribution towards housing. \$50 million of this funding has been committed to the NWT over the next two years. This funding could result in the construction of over 500 new homes.

Bill-C48 – Funding for Aboriginal Housing: During the First Minister's Meeting in November, the Prime Minister announced \$300 million over 5 years to fund "Northern Housing Partnerships" to be distributed on the basis of need. The NWT should expect 1/3 of this funding. Accessing this funding requires the immediate formation of partnerships with Aboriginal groups.

- ◆ **Novel Structures (approximately 1400 homes):** The proposed Mackenzie Valley Gas Project, while straining resources of communities and governments may also provide an opportunity that could positively transform housing for NWT individuals, families and communities.

The design and the technology exists for the MGP to use manufactured workforce housing structures to house workers that upon completion of the project can be converted to permanent residential housing. The permanent camps to be established by the MGP will accommodate in excess of 10,000 workers. On conversion these manufactured workforce-housing structures represent approximately 1400 permanent residential homes. ATCO Structures Inc. of Calgary Alberta has developed a workforce housing structure for this purpose. This product is known as "Novel Manufactured Housing". Novel housing units would begin to be available from the MGP in 2011-2012. Further information on this opportunity can be obtained from the *Proposal for Creating Housing Solutions from the Mackenzie Gas Project (Attachment 4)*.

- ❖ **A recommendation was made that the NWT develop a comprehensive housing strategy that includes energy efficiency, lot development and a move to private ownership. The strategy must address some of the significant barriers to homeownership.**

GNWT Response: Addressing the high cost of energy and ensuring new affordable technologies and other solutions are incorporated into new housing design and construction is a priority for the NWT Housing Corporation, as identified in the *Northern Housing Strategy (Attachment 5)*.

The GNWT is committed to encouraging the conservation of energy at all levels. Bilateral initiatives with the goal of energy efficiency will potentially decrease the cost of living and specifically, shelter costs. Such actions promote healthy living, healthy choices and increase and encourage self-reliance and independence. Activities supporting energy efficiency include:

- ◆ Creating and delivering an extensive campaign promoting "healthy homes" in northern communities.

- ◆ Expanding or creating communication materials to increase energy sustainability and efficiency in homes.
- ◆ Establishing partnerships for extensive delivery of educational programs/ literature in communities.
- ◆ Retrofitting of aged housing to promote energy efficiency.
- ◆ Focusing education to target homeownership responsibilities.

The NWT Housing Corporation continues to pursue energy conservation initiatives including: the installation of more energy efficient appliances, energy efficient lighting devices, reduced water usage plumbing fixtures and educating tenants on energy conservation.

Prior to the dissolution of Parliament, Bill C-66 was given royal assent. Included in this bill was a federal contribution of \$425 million for energy efficient retrofits to be delivered through the Residential Rehabilitation Assistance Program. The NWT will receive an allocation of \$3.2 million from this additional funding, along with the \$500,000 in funding provided annually from the existing program.

5. Energy

- ❖ **Although there were some calls for increased subsidies or rebates to help residents cope with rising energy costs, programs encouraging conservation through incentive programs offer longer-term solutions. Some programs suggested included:**

- ◆ **Incentives for people to buy more energy efficient appliances and furnaces**
- ◆ **Investing in more energy efficient buildings**
- ◆ **Replacing old appliances in public housing units**
- ◆ **Using high efficiency vehicles**

GNWT Response: The GNWT agrees that reducing energy consumption through energy conservation and efficiency programs will result in both short-term and long-term benefits. It is for this reason that new funding has recently been approved for 2005/06 for the Energy Action Plan (**Attachment 6**). Action Plan measures will be implemented immediately by departments and agencies and include:

- ◆ Developing and implementing design standards to improve efficiency for new GNWT capital construction projects. These standards can also be used to inform those undertaking private commercial and residential construction.
- ◆ Enhancing GNWT employee and public education.
- ◆ Increasing funding support for Arctic Energy Alliance programming.
- ◆ New funding for GNWT building energy retrofit projects.
- ◆ Expanding the Power Corporation's residential energy efficiency assessment program.
- ◆ Promoting the "Energy Star Program" with Local Housing Authorities.
- ◆ Undertaking a heat load electrification pilot study in Fort Smith to use excess power from the Taltson hydro facility.

Over the winter the GNWT will develop a broad Energy Plan and update the NWT Greenhouse Gas Strategy. While many of the measures being implemented through the new Action Plan could be continued into 2006/07, it is important that energy conservation and efficiency programs be implemented that are consistent with this Government's long-term vision as articulated through the pending Energy Plan and Greenhouse Gas Strategy.

The Energy Plan will be preceded by a Discussion Paper on key issues regarding the GNWT approach to energy policy and planning that could be addressed in the Energy Plan. These issues will be broadly framed in terms of NWT energy demand, supply and regulation and will include sections addressing energy pricing, subsidies, energy and the environment, energy and communities and developing NWT energy resources. A great deal of work has been done on these issues over the last five years, and the Discussion Paper and Plan will provide the opportunity to update this work, frame the discussion in the current context, and articulate additional short term actions, a long-term vision, and the required planning and policy environment to support that long-term vision. It is anticipated that an implementation plan with specific investments to support this work will be completed for inclusion in the 2007-10 Business Plans.

The Discussion Paper will provide the Accountability and Oversight Committee, as well as other key stakeholders, the opportunity to assist in framing the discussion and the long-term vision and direction of the NWT regarding the demand, supply and regulation of energy in the NWT.

6. Early Childhood Programs

- ❖ **A recommendation was made to review the NWT Child Care Program to improve childcare services in NWT Communities; specific areas to be addressed include:**
 - ◆ **An assessment of the impact that the current lack of reliable childcare has on women leaving education and employment.**
 - ◆ **An initiative to improve access to quality, licensed, non-profit childcare services in the NWT.**
 - ◆ **Review the operations and maintenance funding for day cares and provide funding based on available space instead of attendance-based, to avoid fluctuations in revenue.**
 - ◆ **Develop an Early Childhood Development certificate program with Aurora College.**
 - ◆ **Provide a program of capital grants to enable construction of childcare centers in communities that have no available building or space for a center.**

GNWT Response: The GNWT agrees that early childhood is a critical time for building a foundation for healthy development and learning. Supporting community-based programs to identify and address local early childhood needs continues to be a priority.

The *Early Childhood Development Framework (May 2001)* outlines the activities for the Departments of Education, Culture and Employment and Health and Social Services to help parents and other caregivers promote healthy development in young children.

The Framework, however, was only a first step in outlining important steps that were taken to promote early childhood development. The Department of Education, Culture and Employment continues to take action to provide additional supports and increase quality programming such as: negotiating with the federal government for increased funding to support regulated early childhood programs; and work with key stakeholders to improve program coordination.

The Department of Education, Culture and Employment is currently reviewing the NWT Childcare Program. Many of the issues identified by NWT residents could be addressed during this review.

7. Literacy

- ❖ **Increased funding for literacy was requested, for community training, programs, research and resource development. Awareness campaigns have been successful at raising interest, the demand for programs is on the rise, and communities have just begun developing the capacity to deliver their own programs; however, available funding to support these successful programs has been reduced in the past two budgets.**

GNWT Response: The GNWT recognizes the impact literacy has on individuals throughout their lives and on society as a whole. *Towards Literacy: A Strategy Framework: 2001-2005* (Literacy Strategy). was developed based on the importance literacy plays in the lifelong learning process of individuals. The long-term goals of the Literacy Strategy are to:

- ◆ Increase the number of people in the NWT who are literate;
- ◆ Ensure government departments work together to increase literacy levels in the NWT;
- ◆ Increase awareness of the importance of literacy in the official languages of the NWT; and
- ◆ Develop literacy partnerships across society.
- ◆ Since 2001, the Department of Education, Culture and Employment has invested over \$2 million each year to address priorities outlined in the Literacy Strategy. The Department also invests an additional \$300,000 annually for literacy contributions to Aboriginal organizations to achieve this goal. Increase the number of people in the NWT who are literate.
- ◆ Develop literacy partnerships across society.

In 2005-06, the GNWT has consolidated its literacy funding for communities into the Community Literacy Development Fund. The fund integrates education, employment and career development programs. It is designed to help improve the quality of life, self-reliance and well-being of literacy program participants.

The fund will be used to:

- ◆ Encourage active involvement of community organizations in literacy education;
- ◆ Develop relevant learning materials; promote information sharing and coordination;
- ◆ Prepare NWT adults for participation in the labour force and offer participants transferable skills;
- ◆ Provide program participants with job search and job continuation skills;
- ◆ Promote healthy families, positive parenting and intergenerational reading the home and community;
- ◆ Increase public awareness and develop innovative approaches to literacy services at the community level;
- ◆ Prepare NWT adults for participation in the labour force;
- ◆ Encourage active involvement of community organizations in literacy education; and,
- ◆ Develop relevant learning materials; promote information sharing and coordination.

The GNWT along with other provincial and territorial governments have also been working with the federal government to finalize a Framework Labour Market Agreement that includes a call for increased investment in key labour market areas including literacy and workplace essential skills. As discussions continue after the federal election, the GNWT expect to gain a better sense of the federal position on the Framework Agreement.

- ❖ **There is significant concern that Aurora College lacks the adequate resources to deliver adult literacy programs, and thus more funding is needed in this area. Other issues raised about Literacy include:**
 - ◆ **Strengthening of the Literacy Strategy – looking at ways to fill the gaps, especially for out-of-school youth**
 - ◆ **Funding for literacy research**
 - ◆ **Care funding for the NWT Literacy Council**

GNWT Response: The Department of Education, Culture and Employment has identified *Strengthening Adult Development* as a key initiative in its 2006-09 Business Plan.

The Department will work with other governments and organizations to improve the planning and delivery of programs and services that provide NWT residents the skills and knowledge required to fully participate in community life and in the labour force. The Department will focus on increasing the opportunities for adult learners by creating stronger partnerships and links among adult literacy and basic education, post-secondary education, and training programs.

A significant program change associated with this initiative is the development and funding of Aurora College partnership with the Alberta North network to increase course offerings for adults participating in community programs.

Key actions include:

- ◆ Working with Aurora College in the development of a new Corporate Plan.
- ◆ Identify the barriers that limit partnerships and implement strategies to overcome those barriers.
- ◆ Better articulation of high school certification requirements to adults.
- ◆ Working with western provinces and territories on the development of an Aboriginal Training Strategy.
- ◆ Continue to investment in the Aboriginal Skills Employment Partnerships for non renewable resource training.
- ◆ Updating the 2000–2005 Literacy Strategy.

8. K-12

- ❖ **Several areas are lacking resources in the K-12 system, the most common being support for children with disabilities beyond the primary level. Many children requiring one-on-one assistance are not getting the help they need.**

GNWT Response: Starting in 2006-07, over 6.8 million in additional funding, over three years, for Inclusive Schooling has been included in the Department of Education, Culture and Employment's 2006-09 Business Plan. The current funding for student support will thus be increased over the three years from 15% of school contributions to 17% in 2006-07, 19% in 2007-08 and 20% in 2008-09.

- ❖ **There were requests for more relevant programming in schools, including: Aboriginal language and culture, NWT history, small engine repair, land claim agreements, traditional skills, more exposure to trades.**

GNWT Response: Starting in 2007-08, over \$5.6 million in additional funding, over three years, for the expansion of 10-12 trades programming has been included in the Department of Education, Culture and Employment's 2006-09 Business Plan.

9. Post-Secondary Education

- ❖ The level of funding provided by the Student Financial Assistance program, for tuition and living expense (such as housing and childcare), is not sufficient. Other issues raised include:
 - ◆ Metis students are currently denied eligibility under the federal University and College Entrance Preparation Programs (UCEP). It was suggested that the GNWT consider filling this gap (as it did with extended health benefits for Metis).
 - ◆ Currently, people with intellectual disabilities are not able to access SFA for specialized schools in the south, because often their programs do not qualify.
 - ◆ Provide core funding to Aurora College for all trades programs., and reduce the reliance on funding provided by industry or other partners.
 - ◆ Improve on post-secondary Programs by providing Internet training centres in communities to support post-graduate work.

GNWT Response: The Department of Education, Culture and Employment's 2006-09 Business Plan includes an additional \$895,000 in forced growth funding to increase the benefit allowances for tuition and books within the Student Financial Assistance program.

As indicated under #3, the Department of Education, Culture and Employment is currently undertaking a review of all Income Security programs. Recommendations from this review will be submitted for the 2007-10 business planning process.

The *Strengthening Adult Development* (under #7) initiative is also a priority of the Department and may address the issues and concerns raised.

- ❖ **An Aurora College campus is needed in Yellowknife.**

GNWT Response: The Department of Education's recent "Ten Year Education Facility Plan – Yellowknife 2005–2015" has identified the limitations and need for more space at the Yellowknife Campus. The recommendations of this study will be considered during the 2007-08 Capital Planning Process.

10. Employment and Training

- ◆ **The GNWT needs to develop initiatives that remove barriers to employment, especially for Aboriginal people and persons with disabilities and women.**
- ◆ **Amendments to the Labour Standards Act, to provide a process for workplace harassment complaints and remedies; and inclusion of workplace harassment under workers' compensation and safety legislation.**
- ◆ **Training programs to help communities build their local workforce.**
- ◆ **Funding for the delivery of trades orientation and access programs specifically for women, recognizing needs such as child care and mentoring.**

GNWT Response: The GNWT agrees that NWT residents need access to available jobs and career opportunities. The Department of Education, Culture and Employment has identified Promoting NWT Labour and Employment as a key initiative in its 2006-09 Business Plan.

The Department will work with labour, industry and its educational partners to make the North a good place to work and to ensure Northerners have the skills required to participate in the many new opportunities being created by the NWT economy. The Department will focus its efforts on measures to improve the planning and coordination of programs related to career development, labour standards and training to better prepare Northerners for employment.

Key actions the Departments plans to undertake under this initiative include:

- ◆ Working in collaboration with labour and employers to develop a framework for increased GNWT involvement in labour.
- ◆ Identifying necessary improvements in labour standards.
- ◆ Planning departmental programs and services based on current and future needs of the labour market.
- ◆ Dedicating career counseling resources to support students and staff at NWT schools and Aurora College.

- ◆ **Assisting Northerners to Obtain Work:** Supporting employers to make information related to job opportunities available; advising employers on mechanisms to identify workers; participating with the Department of Industry, Tourism and Investment in socio-economic negotiations on major resource development projects to ensure Northerners have the first opportunity to obtain jobs for which they are qualified; monitoring employer performance; and working with employers to link training with employment.

II. Economic Development

- ❖ **The GNWT should provide more resources for product and infrastructure development and marketing. A specific suggestion is to complete the Mackenzie Valley Highway to Tuktoyaktuk.**

GNWT Response: The GNWT has been contributing \$1.8 million per year to the NWT Tourism Association to market the NWT as a tourism destination.

The GNWT has provided significant assistance to the Aurora-viewing sector of the tourism industry. This sector has been improving and evolving well over the past three years.

A draft proposal, *Tourism 2010 — A Tourism Plan for the NWT*, has been developed in conjunction with NWT Tourism, outlining a long-term commitment to developing tourism in the NWT and promoting the NWT as a unique place to visit. This proposal addresses tourism marketing, training, infrastructure, product development, and tourism promotion and awareness. The *Tourism 2010* proposal will be finalized shortly and made available to the public.

Leading up to April 1, 2006, and in support of the *Tourism 2010* proposal, the GNWT, in partnership with industry and DIAND through the Federal Strategic Investment in Northern Economic Development Program, will undertake an Outfitter Sport Fishing Survey and a Tourism Infrastructure Study, and deliver Tourism Training programs, as well as prepare longer term implementation plans for each element of *Tourism 2010*.

The GNWT has also been an active participant with other provinces and territories and the federal government on a new *National Tourism Strategy* to highlight and promote NWT interests.

The Department of Transportation has recently prepared a funding proposal to the federal government titled "Connecting Canada, Coast to Coast to Coast" (**Attachment 7**). This proposal details the benefits of completing the Mackenzie Valley Highway to Tuktoyaktuk.

All-weather highway access would significantly reduce consumer costs and minimize the seasonal price fluctuations that currently occur with seasonal access restrictions. In addition to a lowered cost of living, the Mackenzie Valley Highway extension would promote economic opportunities and improve the quality of life for Mackenzie Valley community residents. All weather access would expand tourism expenditures in the communities and improve mobility and access to health care and other services.

Other benefits would also accrue to the oil and gas industry and other resource developers in terms of reduced equipment mobilization and development costs. These cost reductions could result in more dollars available for exploration and other activities, which could spur additional business and employment opportunities for residents and businesses along the highway.

The completion of the Mackenzie Valley Highway has also been highlighted in a National Transportation Strategy developed by the Council of the Federation.

- ❖ **The Territorial Farmers' Association has called for a vision for agriculture and an updated economic impact study of the agriculture sector, to address:**
 - ◆ **Potential for agriculture in all regions;**
 - ◆ **Current and future land requirements;**
 - ◆ **Economic sustainability and value; and**
 - ◆ **Building of knowledge, skill and resource capacity among producers at the community level.**

GNWT Response: On December 1, 2004, the GNWT released the "Economic Diversification – Equitable Access Report", which included a Sector Profile for Agriculture.

The Sector Profile details the agricultural value of land available and its potential, as well as economic potential and hurdles to overcome.

❖ **Agricultural sector recommendations:**

- ◆ **Identify arable land and ensure it is not used for other activities;**
- ◆ **Establish an Agricultural Land Reserve designation;**
- ◆ **Support projects that demonstrate the economic value and commercial viability of agriculture**
- ◆ **Amend Motor Vehicles Act to allow farm vehicles to travel on highways without being registered;**
- ◆ **Develop appropriate property assessment and taxation treatment for agricultural lands.**

GNWT Response: In the Department of Industry, Tourism and Investment, it is the Traditional Economy Sector's Mission "to encourage and promote the development of a strong, vibrant, sustainable Agriculture and Agri-foods industry for the betterment of all communities and residents in the NWT."

In support of this Mission, ITI aims to:

1. Enhance productive capacity and profitability
2. Enhance food safety and quality
3. Eliminate to the degree possible risks to the sector that would impact on current and future development
4. Ensure compatibility between biodiversity and agriculture, with key priority areas being habitat availability and species at risk
5. Promote and encourage environmental stewardship
6. Strengthen our export capacity by improving food quality and consistency
7. Build upon our policy and legislative base

The GNWT has also developed strategic partnership arrangements in the areas of research, funding, and innovation with Agriculture and Agri-foods Canada, Aboriginal Business Canada, and Natural Resources Canada.

The *Property Assessment and Taxation Act*, the *Property Assessment Regulations*, and the *Property Classes Regulation* establish how agricultural land shall be treated for the purposes of assessment and taxation.

The Municipal Taxation Authorities (Inuvik, Norman Wells, Fort Simpson, Yellowknife, Hay River, and Fort Smith) establish property classes by by-law for the purpose of assessment and taxation within their municipal boundaries, and establish municipal mill rates for each of these property classes. The decision to plan for agricultural land use within municipal boundaries is the responsibility of these community governments. The Department of Municipal and Community Affairs can provide assistance to communities who wish to include planning for agriculture use within their municipal boundaries.

In the General Taxation Area, GNWT regulations establish a specific class for the assessment of agricultural property used principally for:

- ◆ The planting, growing and sale of trees, shrubs, and sod;
- ◆ The raising or producing of crops, livestock, fish, pheasants, poultry or eggs;
- ◆ The raising of animals for their fur;
- ◆ Beekeeping; or
- ◆ Dairying.

The *Property Assessment Regulations* contain detailed calculations and formulae that must be used by Assessors to establish a value for land, including land that is used for agricultural purposes.

In the General Taxation Area, the Minister of Finance establishes mill rates for each property class.

As interest in agricultural activities increases, it may be necessary to update the *Property Assessment and Taxation Act* to reflect concerns regarding land used for agricultural purposes.

The Department of Transportation has reviewed the feasibility of amending the *Motor Vehicles Act* to allow farm vehicles to travel on highways without being registered. At present no other jurisdiction in Canada allows farm vehicles to have unregistered access to public highways. The primary concern is with liability, insurance coverage and enforcement. Transportation will monitor developments in the area working with colleagues (especially those in areas with this experience, namely the Governments of Saskatchewan and Alberta) to determine best practices and will update regulations and policies as required.

- ❖ **Requests were made for assistance for hunters, trappers, farmers, and fisheries, to offset rising costs, such as an off road gas rebate.**

GNWT Response: Following a second round of consultations with community and regional leadership late in 2004, the GNWT is following up on specific recommendations from the *Proposed Support to the Traditional Economy Policy*. Recommendations include the following:

- ◆ Support and maintain the subsistence economy;
- ◆ Develop partnerships between the GNWT and Aboriginal governments and the Federal Government; and,
- ◆ Improve measurement of total economic values attributed to traditional economy pursuits.

The GNWT is continuing consultations on a new Traditional Economy Policy, expected to be completed in 2006.

- ❖ **Non-Renewable Resource Development - it is felt that too much emphasis is being placed on industry, and not enough on social issues. Not enough is being done to prepare communities for the social and environmental impacts that are arising as a result of non-renewable resource development activity. More resources are required to meet and discuss impacts.**

GNWT Response: The 2006-09 Business Plans include several initiatives to help communities plan for the social and environmental impacts of resource development, including:

- ◆ \$440,000 for the Department of Municipal and Community Affairs to increase community government capacity in preparing for potential pipeline development.
- ◆ \$375,000 for the Department of Environment and Natural Resources for regional environmental assessment and monitoring.
- ◆ \$325,000 for the Department of Environment and Natural Resources for an Environmental Specialist and additional Regional Environmental Protection Officers.
- ◆ \$125,000 for the Department of Environment and Natural Resources for the establishment of an Environmental Assessment Unit.

The GNWT agrees that current and future resource development, such as the Mackenzie Valley pipeline, will require investments to adequately prepare communities for the impacts of resource development. The effect of these impacts on GNWT operations is outlined in the *Resource Development Impacts Report (Attachment 8)*. The Government of Canada's \$500 million, ten-year, Socio-Economic Impact Fund, will help impacted communities plan for the pipeline and deal with social and economic impacts of the project.

NWT governments will need a longer-term source of revenue to deal with the ongoing impacts and pressures of development. Currently, the royalties generated by development flow to the federal government. The GNWT, together with the Aboriginal Summit, is negotiating with Canada for the transfer of these revenues to NWT governments. This includes discussion of the offsets that would be made against federal transfer payments. The GNWT is looking for offset arrangements that would provide a fair share of resource revenues to governments in the NWT to allow them to cope with the impacts of development and to make investments that would help maximize the benefits NWT residents receive from development.

12. Justice

- ❖ **Some communities requested more support for local justice committees.**

GNWT Response: The Department of Justice is currently completing a review of the community justice program as requested in a motion passed by the 15th Legislative Assembly. When this review is complete, the Department will come forward with recommended changes to the current program and funding structure.

- ❖ **Additional resources were requested for alternative justice methods, such as on-the-land programs; funding to build permanent facilities such as cabins; sending offenders to outpost camps to hunt for elders and other community members; training offenders in home construction and maintenance; community service sentences, such as participation in building of required community infrastructure.**

GNWT Response: The Department of Justice is currently reviewing the camp program with the intent of being able to provide a wide range of programs across the NWT. Once this review is complete and a new model is developed, the Department may need to return for additional funding.

Offenders already have the ability to do community service work as part of their sentence. They also have the ability to participate in work release programs if they qualify for temporary release from custody. The department will review the viability of developing training programs in a wide variety of areas including home construction and maintenance. One problem with this type of program is that, on average, the length of stay of an offender is 3 to 6 months in duration, thus limiting the amount of training an inmate could be eligible for.

- ❖ **For offenders who do go to YCC, it was recommended the GNWT provide education and training, and provide long-term support once released, to help them reintegrate into society.**

GNWT Response: Justice will work in partnership with ECE and HSS to develop a strategy to deal with aftercare programs in communities for persons that are released from custody. Probation Services provides support and programs in communities for persons that are released on probation or parole. All correctional facilities provide education and training programs that will assist offenders in reintegrating back into society. Community Justice Committees can assist with reintegration and aftercare.

- ❖ **RCMP, and resource development issues:**
 - ◆ **Roadside searches on the highway between NWT border and Enterprise;**
 - ◆ **More drug-sniffing dogs at community airports;**
 - ◆ **Renewable resource officers currently have too many responsibilities, and are unable to effectively enforce laws / stop poaching**

GNWT Response: Increased resources for the RCMP have been allocated in 2005-06 and further in the 2006-09 business plans.

Over the past 3 years, at the request of the RCMP, Justice has secured additional funding for the establishment of a 5 member highway patrol unit. However, there needs to be reasonable and probable cause before an officer can search a vehicle therefore roadside searches are not appropriate.

The RCMP have been provided with resources to staff a dog unit. The unit consists of one dog and handler at an annual cost of \$136,000 and startup costs of \$60,000. This dog will be housed in Yellowknife but will travel to communities on a regular basis.

- ❖ **NWT Law Courts Building is a controversial topic; especially when smaller communities are lacking adequate justice programming and facilities.**

GNWT Response: The Department of Justice is currently assessing what is used for court facilities in smaller communities. In 2002/03 Justice spent \$6,530,151 in smaller communities on Justice programming excluding Court Operations. This amount does not include expenditures for Hay River, Fort Smith, Inuvik and Yellowknife. This represents 10% of the 2002/03 budget, excluding the budget for court operations.

13. Family Violence / Sexual Assault

❖ **Transition Houses:**

- ◆ **Adequate resources are required for transition houses, and to develop safe homes in communities as identified;**
- ◆ **It was suggested that transition houses be funded directly by HSS, and not the HSS authorities, as not all of the funds have been passed along by the authorities**
- ◆ **This should be funded as a territorial, not regional, program, since abused women and children are often moved to transition houses outside of their region.**

GNWT Response: The need for transitional housing options has been identified as a need for:

- ◆ reintegrating homeless persons/families back into housing.
- ◆ reintegrating disabled/addicted persons back into mainstream.
- ◆ victims of family violence.

As part of the Mental Health and Addictions review work with NGO's in Yellowknife and other communities, the need for transitional housing for all clients must be integrated and is being developed by the Department of Health and Social Services. The Department will include investments required for this initiative for consideration in the 2007-10 business planning process.

- ❖ **A recommendation was made to provide implementation dollars for programs and actions to address family violence, as recommended in the "Coalition Action Plan on Family Violence 2003-2008"; and to continue public education on the "Protection Against Family Violence Act"; focus on the special needs and barriers of women with disabilities.**

GNWT Response: An additional \$100,000 is being provided during 2005-2006 to the existing 5 shelters to address their operating cost needs.

The Department of Health and Social Services has reviewed and updated its response to the Family Violence Action Plan and continues to implement its action plan commitments.

There is currently an annually allocated budget for Public Education on the *Protection Against Family Violence Act*.

14. Addictions

❖ Treatment:

- ◆ There is a need for prevention programs, including on-the-land programs for youth at risk.
- ◆ Requests from most communities to have access to treatment closer to home, where they have family support.
- ◆ There is a need for a holistic approach to treatment, including family support and follow-up.
- ◆ The Centre for Northern Families is already functioning as a detox, as most clients have addiction issues; a recommendation was made to boost their existing resources to expand on their services (for example, to hire a nurse).

GNWT Response: The government has allocated funding, over the last 3 years, for 77 positions at the community level.

A review of the Mental Health and Addictions Strategy implementation is underway and a report from Chalmers & Associates (the original "State of Emergency" consultant) is due in early 2006. This report will be used to make any changes to the Department of Health and Social Services' implementation plans for this strategy.

An additional \$50,000 has been provided to the Centre for Northern Families to assist with meeting their costs for programming.

❖ Aftercare: **More resources are needed in communities, for social workers, youth workers, addictions counselors, work opportunities, capacity building, and clean and sober housing.**

GNWT Response: "Aftercare" of clients with Mental Health and Addictions problems was a key element of the original strategy of providing counseling services in communities. Changes/improvements in this aspect may be identified through the Chalmers & Associates review.

As indicated under #2, public sector growth in health care professions has increased by over 57% since 1999, which includes significant investment to increase the number of Income Support Workers, Childcare Workers, Mental Health and Addictions Workers and also other Allied Health Care Professionals.

15. Health Services

- ❖ **There is a lack of funding for Ambulance Services in many communities:**
 - ◆ **In Hay River, the \$25,000 in funding they receive is not sufficient to meet maintenance and fuel costs; the vehicles are old and need to be replaced.**
 - ◆ **Fort Good Hope (and other small communities) does not have ambulance services, and people transport injured/sick on their own.**

GNWT Response: The Departments of Municipal and Community Affairs and Health and Social Services are working together to prepare a report, with recommendations expected early in 2006.

- ❖ **There is a lack of needed treatment for children with learning disabilities and behavioural problems; and difficulty in obtaining diagnosis, particularly in communities.**

GNWT Response: The Department of Health and Social Services' 2006/07 Main Estimates include a request for \$1,096,000 and 12 positions to establish 3 new rehabilitation teams (one south of Great Slave Lake, one in Inuvik and one in Yellowknife). This will deal with backlogs in wait times for diagnosis and treatment. A further request in the 2007/08 Business Plan will be made to complete the full staffing of these teams.

- ❖ **There is frustration/concerns with Boards and funding arrangements (i.e. inadequate level of funding; determining who is ultimately responsible – Board or Dept; conflicting information from Boards and Dept.)**

GNWT Response: Terms of Reference have been prepared, to work towards the development of new funding arrangements for authorities. The call for proposals will be issued in December 2005, and implementation of recommendations would be geared to begin April 2007.

- ❖ **Additional health resources are required to expand the long-term care facility in Fort Simpson, and build a new facility in the Sahtu.**

GNWT Response: Additional funding has been identified to conduct renovations to the Fort Simpson Long Term Care Facility, to make it easier and safer to care for clients with increased dementia needs. The Facilities Review Project has indicated that Fort Simpson will require no additional beds for long term care over the next 15 years, provided the GNWT adopts and follows the benchmarks outlined in the long term care section of the Integrated Service Delivery Model.

The long term care facility in Deline was closed in the 1990's due to staffing difficulties and a lack of clients. A recent review of Sahtu senior's needs has shown that there is no requirement to re-open the facility. Client needs in Sahtu communities can best be enhanced by better homecare programming. The new Sahtu Authority is reviewing this.

16. Programs and Initiatives for Specific Groups

- ❖ **Elders - The establishment of a Seniors' Secretariat was recommended, to coordinate funding / programs for elders.**

GNWT Response: The Department of Health and Social Services has a position assigned to coordinate efforts between the Department and territorial organizations responsible for seniors, disabled and other groups. Also, an additional \$100,000 in 2005/06 and ongoing is being provided to the NWT Seniors Society for territorial programming. The Department would prefer to provide program funding to the NWT Seniors Society rather than establishing a new government secretariat.

- ❖ **Persons with Disabilities - ensure adequate resources are provided for the new Disability Framework.**

GNWT Response: The GNWT is providing an additional \$100,000 per year to the NWT Council of the Disabled for programs beginning in 2005/06 and ongoing.

17. Municipal

- ❖ **Village of Fort Simpson: the current funding formula does not adequately address the needs of the NWT's only village.**

GNWT Response: The Department of Municipal and Community Affairs is currently reviewing how community governments are funded by the GNWT. This includes reviewing the current O&M formula funding allocation and also updating the Northern Cost Index, which is a cost driver in the O&M formula.

- ❖ **Town of Hay River: a specific request was made for a 3-year term pipeline coordinator position.**

GNWT Response: The Department of Municipal and Community Affairs provides O&M funding to all community governments based on the Department's Formula-Based Funding Policy. Communities have the flexibility under this Policy to allocate funding to priorities, as they deem appropriate.

In addition, MACA has provided up to \$50,000 in funding to Hay River and other community governments in 2005-2006, to support communities to assess the impacts of the project, and prepare strategies to maximize benefits and mitigate negative impacts. MACA has also made research services in the areas of legal, engineering and planning analysis available at no cost to community governments to help prepare for the project.

- ❖ **Investment required for recreation; dust control; and lot development.**

GNWT Response: Beginning in 2005-2006, all NWT community governments will receive funding for environmental sustainable community infrastructure under the Federal Government's Gas Tax Revenue Sharing program. Communities will be able to use this new funding source for all aspects of dust control, including paving, chip seal or the application of dust suppressants.

The 2006-07 Infrastructure Acquisition Plan includes an allocation of \$300,000 for lot development.

Communities could also be eligible for funding from the \$35 million Community Capacity Building Fund for assistance in their efforts to advance unique community priorities.

- ❖ **Northern Strategy – varying concerns with process for allocating the funding, including:**
 - ◆ **The requirement to have community organizations agree on initiatives is creating confusion and will cause delays**
 - ◆ **Want a fairer and consistent allocation process that does not penalize larger communities**
 - ◆ **Funding should be allocated to where its most needed**

GNWT Response: The Department of Municipal and Community Affairs has reviewed the criteria in the Payment Directive for the Community Capacity Building Fund and identified several areas where the Payment Directive needed to be clarified. Effective December 15, 2005, additional guidelines will be used in determining the eligibility of applicants. The additional guidelines are included in the following matrix:

ISSUES	ACTION
<p>Confirmation of community government support:</p> <p>The Payment Directive requires “<i>clear evidence of support from all community governing bodies</i>” by way of “<i>a letter or band council resolution</i>” before funding is released.</p> <p>Communities have submitted proposals from the Senior Administrative Officer or Economic Development Officer and do not have a letter or motion of support from Council.</p>	<p>A community council motion or band council resolution will be accepted as evidence of support from the primary public governing body.</p> <p>If no motion or BCR is provided, MACA will require a letter from the Chief or Mayor of the City, Town, Village, Hamlet, Charter Community, Tliche Community or Designated Band Council authority, which must be copied to all Councilors, indicating community support for the proposal.</p>
<p>Confirmation of support from other governing bodies:</p> <p>The Payment Directive requires “<i>clear evidence of support from all community governing bodies</i>” by way of “<i>a letter or band council resolution</i>” before funding is released.</p> <p>Applications received have been signed off by Chiefs/Presidents of other bodies, but no motions or band council resolutions have been provided to substantiate the support of other governing bodies.</p>	<p>If no motion or BCR is provided, MACA will require a letter from the head of the other governing bodies (Band Council, Metis Association or Inuvialuit Community Corporation), which must be copied to all Councilors or Association Board Members, indicating their support for the proposal.</p>
<p>Governing bodies from whom support is required:</p> <p>Several community governments have expressed concerns over the requirement to involve all local governing bodies, including receiving a letter or motion of support, when they do not agree with the list of governing bodies, the governing bodies are not active, or the community government does not agree with the proposed groupings.</p>	<p>No change will be made to the list of bodies from which support is required without going back to Cabinet. If a Community Government wants to request that Cabinet change the list, they must formally request this review through a letter to the Minister.</p>

ISSUES	ACTION
<p>On-going O&M costs:</p> <p>The Payment Directive states that <i>“the proposed community plan must not result in an ongoing funding requirement once the Community Capacity Building Funds have been depleted. Any ongoing O&M requirements that may result from the community plan will have to be supported in advance by the responsible department or absorbed by the incorporate community.”</i></p> <p>Proposals are being received for facility development, renovation or retrofit, or enhancements of GNWT capital projects; as well as projects that involve a staff component. These projects could have a long term O&M requirement. The proposals do not identify how the community will address the on-going O&M requirements.</p>	<p>MACA regional staff will follow up directly with community government staff to review the potential on-going O&M implications, including offering to assist with an analysis of the costs and the community's ability to support from within existing funding envelopes.</p> <p>Once this analysis is done, MACA will require a letter from the community government acknowledging the increased O&M costs and committing to cover those costs from within existing funding, or identifying an alternative funding source.</p> <p>When the letter is received, the funding will be released.</p>
<p>Issues not anticipated in payment directive:</p> <p>The Payment Directive requires that communities submit a budget with the projects they wish to complete. Once funding is approved, communities are required to submit an activity report in September of 2008 or sooner for this one time funding.</p> <p>The Payment Directive does not address how to proceed in the event that:</p> <ul style="list-style-type: none"> ◆ After funding is released, communities change their priorities or change the scope of submitted projects, or ◆ Due to budget changes, communities want to use unexpended funds for other purposes. 	<p>Contribution agreements will be drafted to require that community governments submit documentation of support from all community governing bodies for project changes of a certain scope (e.g. 10% or \$100,000, whichever is greater), or for new projects to be added to the approved list.</p>
<p>Consultation with MLA:</p> <p>Within the Payment Directive it is stated that <i>“the relevant MLA may be fully involved in the process and his/her support for the community plan and funding arrangement will be taken into consideration”</i>. At present we do not require the community to consult or copy their MLA.</p>	<p>Communities will not be required to submit documentation regarding consultation.</p> <p>When MACA receives a proposal from a community government, the Minister of MACA will forward the proposal to the appropriate MLA, with a letter indicating that if no objections are raised by the MLA within a certain time frame, the Department will process the proposal.</p>

18. Infrastructure

- ❖ **Many buildings in communities are still not accessible to persons with disabilities**

GNWT Response: The Department of Public Works and Services will work with clients to address this issue, for buildings that Public Works and Services is responsible for and include any necessary required investments for consideration in the 2007-10 business planning process.

- ❖ **Development of information and communication infrastructure given greater priority**

GNWT Response: The GNWT realizes that IT projects are critical to Government operations. These projects are given a separate allocation of capital funding, as they would not fair well if assessed against all other needs.

Each year, GNWT departments update their 20-year capital needs assessment, including capital IT projects, to account for:

- ◆ consultation with communities;
- ◆ internal technical assessment;
- ◆ government priorities; and
- ◆ departmental priorities.

The funding level for IT projects is determined based on the overall level of IT need, government wide. The Infomatics Policy Committee (IPC) recommends which projects should be funded each year from this funding.

The GNWT's IT capital fund is designed for development and enhancement of GNWT corporate information systems. The GNWT does not have a capital program specifically designed to fund communications infrastructure, nor does the GNWT have policy to support investment in communications infrastructure projects led and/or owned by third parties. GNWT practice has been, where possible, to leverage investments in (the) GNWT institutional network (DCN) to benefit residents of the NWT.

However, in 2005-2006 the GNWT provided \$750,000 in program funds to Falcon Communications to support their territorial communications infrastructure project. The \$18M Falcon Communications broadband infrastructure project is primarily funded by the federal government (through Industry Canada's BRAND and National Satellite Initiative programs). Falcon Communications is an alliance of 6 aboriginal development organizations and a private sector partner. By mid 2006 Falcon Communications expects to have completed a broadband network to all NWT communities, and offer high speed Internet service to all residents at the same price the service is available in Yellowknife.

The GNWT investment of \$250,000 from ITI provided support for implementation activities, and \$500,000 from ECE will directly support training of local Community Service Providers who will offer the service in each community.

❖ **The GNWT should work more closely with communities on capital projects.**

GNWT Response: Historically, departments have conducted consultations with communities, as they deemed necessary. The process however was not coordinated and it was generally felt by communities that community needs were not adequately addressed.

To better address community concerns, community consultation was enhanced for the 2004-05 capital planning process. This included visits to each NWT community by GNWT representatives to explain the capital planning process. The objectives of these visits were to:

- ◆ coordinate consultation between departments and the communities;
- ◆ ensure communities understood the information provided (i.e. the 20 year needs assessment and current five-year infrastructure plan) and the processes involved in developing the five-year plan; and
- ◆ ensure communities concerns were heard and responded to.

Direct feedback on the community visits was provided to the community governments by:

- ensuring the minutes of the meetings were issued to the community immediately following the meetings to ensure everyone agreed on the issues discussed;

- ◆ providing feedback to the communities on the inclusion or exclusion of community projects in the capital plan or capital needs assessment; and
- ◆ following up with the communities to explain the capital plan and disposition of their proposed projects.

The Department of Municipal and Community Affairs has undertaken (and continues to do so) extensive consultation with communities on the impacts and implementation of the New Deal for Community Governments initiative.

Because of MACA's increased consultations with communities on their infrastructure needs, it was determined that a full-scale consultation by all departments each year would not result in any added-value. The GNWT would thus aim to undertake this level of consultation every two years.

Regardless of the level of consultation undertaken, the following general objectives should be adhered to:

1. Communities will be consulted annually on their capital needs.
2. If required or requested, explanations on the allocation of resources to capital investment; and the application of priority criteria along with the political and other influences on the process will be provided.
3. Direct feedback on the consultations, including feedback to communities on the inclusion or exclusion of community projects in the capital plan or capital needs assessment; and if requested, a follow-up meeting with the communities to explain the capital plan and disposition of their proposed projects.

19. General GNWT Practices

- ❖ **A concern was raised that the population estimates the GNWT is currently using are far too low.**

GNWT Response: The NWT Bureau of Statistics calculates annual population estimates for each community in the Northwest Territories. The most recent estimates cover the period 1996 to 2004. These estimates are based on the territorial estimates produced by Statistics Canada, and allocate demographic components of growth estimated by Statistics Canada to a community level. Each year, community estimates are re-calculated based on new information from Statistics Canada. It should be noted that every five years, the estimates are also revised following the national census. The Bureau of Statistics estimation techniques are consistent with the methodologies used by Statistics Canada and other provincial and territorial governments.

20. Revenue Raising Ideas

- ❖ **Several comments were raised about increased spending and how we can afford it at current revenue levels. The GNWT should consider establishing a heritage fund to mitigate the boom and bust cycles associated with resource development activity. A comment was also made that current royalty regimes are too low and recommend the GNWT be prepared to raise royalties once it gains control of them. Short-term suggestions included:**
 - ◆ **Government equity in resource development operations such as mines.**
 - ◆ **High profit surtaxes**
 - ◆ **Capital investment taxes**
 - ◆ **Hydrocarbon production taxes**
 - ◆ **Fee for service for programs undertaken for the benefit of or as a result of a specific industry-driven need**
 - ◆ **Appropriate property tax mill rates for resource development**

GNWT Response: The GNWT seeks to maintain an equitable tax regime that strikes a balance between the need to raise revenues and the need for our tax regime to remain competitive with other jurisdictions. NWT tax rates must be competitive with other jurisdictions or economic activity, including resource development, will move to other jurisdictions. Short-term tax initiatives that discourage investment in the NWT will mean fewer revenues for the GNWT in the longer-term.

As a further constraint, the GNWT is a small jurisdiction with a limited tax base. Consequently, 70 per cent of our revenues come from the federal government through the Territorial Formula Financing Grant. It is therefore critical that we consider the treatment of tax revenues under Formula arrangements.

In 2004, the federal government introduced a New Framework for Territorial Formula Financing. The New Framework is designed to be a fixed amount of Territorial Formula Financing, escalated annually by 3.5 per cent and allocated to all three territories by a formula to be determined following the recommendations of the Expert Panel. The Expert Panel is expected to report in the Spring 2006. Until then, the GNWT has no certainty with respect to the treatment of its own source revenues under Formula Financing post 2006-07. Once the new fiscal arrangements are known, including the relationship between the NWT tax structure and Formula Financing arrangements, the GNWT will be in a better position to make decisions on tax policy.

Finally, as already noted, the conclusion of a devolution and resource revenue sharing agreement with Canada and Aboriginal governments is essential to provide a source of revenues to cope with the impacts of development and to make the investments to maximize the benefits from development.

LISTING OF ATTACHMENTS

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| 1 | EXCELLENCE THROUGH PARTNERSHIPS - THIRD PARTY AGENCIES ACCOUNTABILITY FRAMEWORK |
| 2 | HOMELESSNESS IN THE NWT - RECOMMENDATION TO IMPROVE THE GNWT RESPONSE |
| 3 | COST OF LIVING FRAMEWORK AND DESCRIPTION OF GNWT PROGRAMS |
| 4 | PROPOSAL FOR CREATING HOUSING SOLUTIONS FROM THE MACKENZIE GAS PROJECT |
| 5 | NORTHERN HOUSING STRATEGY |
| 6 | ENERGY CONSERVATION ACTION PLAN |
| 7 | CONNECTING CANADA - A PROPOSAL TO COMPLETE THE MACKENZIE VALLEY HIGHWAY TO THE ARCTIC COAST |
| 8 | RESOURCE DEVELOPMENT IMPACTS |
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ATTACHMENT I

GNWT Third Party Accountability Framework

INTRODUCTION

The Government of the Northwest Territories has worked with its partners to develop a set of accountability standards for program and service provision. In return for their support and financial contribution, the public has demanded an open government with a high level of accountability and transparency. They have also come to expect the maximum degree of excellence in the administration of public business. Over the past few years the Government of the Northwest Territories (GNWT) has been dedicated to enhancing good governance and management in the public service. This applies not only to government departments, but also to those third parties that the government entrusts to help it carry out its mandate.

WHAT IS GOOD GOVERNANCE?

Good governance has four pillars:

Accountability: The imperative to make public officials answerable for their behavior and responsive to the entity from which they derive their authority.

Participation: Where citizens participate in government through the electoral process, and public officials are accountable ultimately to the electorate. It implies that government structures are flexible enough to offer beneficiaries the opportunity to improve the design and implementation of public programs and projects.

Predictability: Predictability refers to the

- (i) existence of laws, regulations and policies to regulate activities
- (ii) their fair and consistent application

Transparency: Transparency refers to the availability of information to the general public and clarity about government rules, regulations and decisions.

Under these principles lay the beliefs and actions that guide the people who work on behalf of a democratic government. Among other things, the public expects the civil service to:

- ◆ Lay a solid foundation for management and oversight;
- ◆ Provide responsible and ethical decision making;
- ◆ Safeguard integrity in financial accounting;
- ◆ Make timely and balanced disclosure;
- ◆ Respect and protect the rights of the citizenry;
- ◆ Recognize and manage risk;
- ◆ Encourage enhanced performance and innovation;
- ◆ Remunerate fairly and responsibly;
- ◆ Set standards of service;
- ◆ Be open and provide full information;
- ◆ Consult and involve;

- ◆ Treat all fairly;
- ◆ Put things right when they go wrong;
- ◆ Encourage access, and promotion of choice;
- ◆ Use resources effectively;
- ◆ Coordinate work with other providers and governments.

There has been a general trend in governments everywhere to increase their level of accountability and to use public funds more effectively. It has become more difficult to keep up government services and programs with fewer resources, and in its effort to maintain an adequate level of services, the GNWT has had to make sure that all government programs are run efficiently.

For several years the government has relied on partnerships with third parties to deliver services to the public, however, there has not been any consistent and comprehensive policy structure within which to ensure that publicly funded resources are used effectively. The Third Party Accountability Framework is designed to meet this need.

WHAT DOES "THIRD PARTY" MEAN?

The term "third party agency" is not defined in legislation, but is generally interpreted to mean any one of a variety of entities that receives public funding for the purpose of providing public service designated as a sponsoring Department under the *Public Service Act* or a municipal corporation established under the *Cities, Town and Villages Act*, the *Charter Communities Act*, the *Hamlets Act* or the *Settlements Act*.

WHAT IS AN ACCOUNTABILITY FRAMEWORK?

The term 'accountability framework' generally refers to a cycle of planning, implementing, monitoring, evaluating, reporting and improving. These components have been used to describe the accountability requirements assigned to a grouping of third party agencies with common characteristics.

There are three major concerns that are of interest to the Legislators and the public when it comes to the provision of public programs and services. They include finance, results and political stability. These areas carry considerable risk when it comes to the protection of public resources.

- ◆ Financial exposure is important. The more money an agency must manage and use effectively, the higher the risk to the public purse. If money is used unwisely, or costs are not managed, then there are impacts on both clients and on the Government who is the banker. Service to clients can be impacted. Deficits and debt can result and then either the Government or future taxpayers must pay.

- ◆ Getting results is critical. Without positive results public money is not being spent effectively. Publicly funded programs must make a difference. If they do not, then the money should be reallocated to other programs that can make a difference. The more critical a result is, the more importance must be placed on achieving it. It is important that the GNWT and its partners all work together for positive change.
- ◆ Public confidence must be maintained. The public must have confidence that the basic service that they need, will be available when they need them. The public must have confidence that the government and its third party agencies are using taxpayers dollars well and that they are delivering programming in a fair and equitable manner. Confidence in government enhances the public's sense of security and trust. A stable government is also more inviting to potential investors.

LEVELS OF ACCOUNTABILITY

The following tables set out the proposed criteria for determining the level of accountability for third parties. Table 1 describes the criteria within three key areas of impact: political risk; financial risk; and results risk (results risk being the potential impact of third party performance on the ability of the Government to achieve its goals and objectives or desired results). The magnitude of the potential impact in each of these key areas is graded as high, medium or low.

Once the level of risk has been graded as high, medium or low on each within the three areas of impact (political, financial and results), table 2 converts the corresponding values into points. Depending on the point value assigned, the third party agency is assigned to category 1, 2 or 3. The level of accountability is determined by which category a third party agency is determined to fall within.

The GNWT Third Party Accountability Framework is not meant to provide a detailed template that determines every requirement for third party funding recipients. It is designed to provide a consistent framework within which each department can tailor accountability policies to suit their unique circumstances.

IMPACT ASSESSMENT TABLE I**POLITICAL**

High: High degree of community and political interest in subject matter. Would have the ability to enhance or diminish public confidence in government and the Legislature. Public opinion would have a significant effect on NWT political stability.

Med: There is community interest in subject matter. Would have some ability to enhance or diminish public confidence in government.

Low: Interest in subject matter is mostly confined to lobby groups or specific and specialized advocates and clientele. Would have limited ability to enhance or diminish public confidence in government

FINANCIAL

High: Substantial GNWT financial resources are assigned to the organization, with significant budgetary implications, which could impact the fiscal stability of the GNWT.

Med: Considerable GNWT financial resources are assigned to the organization, but with lower budgetary implications i.e. GNWT could recover from the loss of the financial investment in the organization.

Low: Financial risk and exposure are low.

RESULTS

High: The organization's activities are critical to the GNWT in fulfilling its mandate. They work in tandem with GNWT goals.

Med: The organization's activities are important but not critical to the GNWT in accomplishing its mandate. Tend to complement rather than fulfill legislated activities.

Low: The organization's activities are important to specific groups in the community but not considered a significant part of the greater public interest. They tend to complement rather than fulfill legislated activities.

ACCOUNTABILITY POINTS

	HIGH	MED	LOW
Political	5	3	1
Financial	5	3	1
Results	5	3	1
TOTAL	15	9	3

POINTS ASSIGNMENT

- Category 1 12 to 15 points
- Category 2 8 to 11 points
- Category 3 Under 7

WHAT DO THESE AGENCIES LOOK LIKE?

Category 1: Major service delivery bodies and commercial Crown corporations.

Bodies in this category have advanced financial and operational reporting systems and adequate human and physical resources to capture, analyze and communicate performance plans and results information to government. Typically, these organizations have operating and financial plans (budgets) in place, although not all have fully developed strategic plans. There tends to be significant public interest in decisions of these types of public bodies and potential financial and political impacts are high. They deal mostly with activities that are required by law. *E.g.: Health Boards of Management, Education Authorities.*

Category 2: Other service delivery and commercial Crown corporations.

Agencies in this category are similar to those in Category 1 in that their activities are ongoing and closely tied to government's mandate. However, the majority of these organizations do not have large corporate or administrative structures. Public interest in these types of entities tends to be localized or moderate, depending on the subject at hand. *Examples: Housing Authorities, Legal Services Board.*

Category 3: Quasi-judicial, advisory and some service delivery bodies.

Bodies in this category include all remaining agencies. Entities in this group have a much narrower scope of responsibilities than those in Categories 1 and 2. Typically, these bodies exist for specific purposes (e.g. to enforce legislation), and operate with limited budgets. Generally, the extent of their operations is limited. Entities in this category typically receive little funding aside from members' expense reimbursement, or they work under fee-for-service arrangements. In this category fiscal impacts are low, as is the risk of significant public reaction to decisions. *Example: Trade Certification Board, Arctic Tourism Board.*

WHAT WILL THEIR RESPONSIBILITIES BE?

CATEGORY I

Planning

Two-way mandatory strategic planning (consultation with the sponsoring department).

- ◆ Include vision, mission, goals, strategies, issues and performance measures and/or targets.
- ◆ Performance information to be incorporated in the plans.

Multi-year Business Plan and Estimates which will include:

- ◆ Strategic Planning in consultation with GNWT.
- ◆ Capital investments.
- ◆ Operation budget.
- ◆ Substantiation for budget requirements
- ◆ Planning cycle integrated with GNWT planning cycle but not necessarily performed sequentially.

Multi-year funding plans would be three year plans, with an update once a year, along with mandatory budget consultation with the sponsoring department.

All new major proposals to include program planning criteria (where applicable).

All significant GNWT policies and Financial Administrative Directives are applicable at least to the extent of the spirit and intent of the policy.

Monitoring & Evaluation

- ◆ Strategic use of program evaluation for all programs.
- ◆ Development of global performance measures.
- ◆ Value for money / compliance audits on all major programs as required.

Reporting and Feedback

Annual report to include:

- ◆ Audited financial statements.
- ◆ Findings of major reviews and evaluations.
- ◆ Evidence of public participation (where appropriate).
- ◆ Evidence of successful performance through measures and goal achievement (results reports).

Regular, periodic, financial reporting to the department during the year.

Note: It will be the GNWT's responsibility to provide a written response to the organization within 60 days of receiving the year-end report.

*CATEGORY 2***Planning**

Annual budget and forecasts:

- ◆ Mandatory budget consultations with the sponsoring department.
- ◆ Budget allocation to both operations and capital investments.
- ◆ New proposals for funding will include an elementary evaluation framework.
- ◆ Performance information to be incorporated in plans.
- ◆ Planning cycle integrated with GNWT planning cycle but not necessarily performed sequentially.
- ◆ Program goals and objectives including the measures used to report on performance.

Monitoring & Evaluation

- ◆ The department has the authority to specify evaluation and monitoring requirements.
- ◆ The department has the authority to review operations as deemed necessary.

Reporting and Feedback

Annual report to include:

- ◆ Highlights of major reviews and evaluations.
- ◆ Evidence of successful performance through measures, goal achievement, and dollar spent in achieving results.
- ◆ Audited financial statements.

Note: It will be the GNWT's responsibility to provide a written response to the organization within 60 days of receiving the year-end report.

*CATEGORY 3***Planning**

- ◆ Annual funding request or application if funding is provided on a year by year basis.
- ◆ Provide information on proposed actions and how the funding will be spent.
- ◆ Letter of intent to continue provision of services if funding is provided on a multi-year basis.
- ◆ All requests will be accompanied with an accounting of previous funds received from the sponsoring departments.
- ◆ Proposals to the GNWT for funds will include an elementary evaluation framework.

Monitoring & Evaluation

- ◆ Requirements for evaluation and accountability for provision of funding will be written into contribution agreements / contracts.

Reporting and Feedback

Annual report to include:

- ◆ Content for Annual Program Reports will be negotiated between the department and third party and will be written into contribution / contract agreements.
- ◆ They will provide an accounting of the previous years funding from the department
- ◆ Department will provide feedback where appropriate

CONCLUSIONS

Most of the obligations in this policy will be tailor made to your individual arrangement with the Department. It will likely be written into your contribution agreement. It is noted that MACA's School of Community Government will be offering course work in many of these areas, and if you feel that your staff do not have the skill sets to comply, they should take training.

There may be cases where you have contribution agreements with more than one department. It is advised that you and all of your GNWT contributors work together on the contribution requirements so as not to create a reporting burden.

The Departments will be receiving information sessions on this framework. If you wish to join in on a session to see what it means to your organization, please call your Departmental Policy or Finance Director contact. They will be working directly with you to assist with the implementation.

ATTACHMENT 2

HOMELESSNESS IN THE NWT

RECOMMENDATIONS TO IMPROVE THE GNWT RESPONSE

OCTOBER 2005

**HEALTH AND SOCIAL SERVICES
EDUCATION, CULTURE AND EMPLOYMENT
NWT HOUSING CORPORATION
JUSTICE**

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INTRODUCTION

In June 2004, the Government of the Northwest Territories (GNWT) released its Strategic Plan outlining the government's direction for the next 10 years. The vision and goals adopted in the Strategic Plan focus on self-reliance of the territory and its people and a shared responsibility for health and prosperous communities. One of the first priorities listed is to address housing shortages and homelessness.

The Ministers and Deputy Ministers of the Social Programs Departments are the steering committee for this project. The involved Departments include Education, Culture and Employment (ECE), Health and Social Services (HSS), Justice, and the Northwest Territories Housing Corporation (NWTHC).

The steering committee recognizes that homelessness affects citizens in our larger urban areas, and our smaller communities. As Non-Governmental Organizations' (NGO) representatives said at a workshop held in Yellowknife "without shelter, everything in your life goes into chaos".

A suitable and affordable home is fundamental to a healthy and productive population. The steering committee has directed that this report examine the factors that contribute to homelessness, by pushing those at risk of being homeless into a state of homelessness, and by preventing those who are currently homeless from achieving an adequate state of housing.

The purpose of this report is to identify the gaps, overlaps and challenges in the system of existing programs and supports that contribute to homelessness, and to make recommendations that will improve the Social Programs Departments' response. The information upon which this report is based was gathered through interviews and workshops with NGOs, municipal government and the GNWT representatives.

It is important to note that GNWT Departments do not directly deliver any programs that are specifically designed to assist the homeless. There are many government programs and services that homeless persons may access, but these programs have been designed for broader populations, and are not targeted specifically for the homeless. However, there are many NGOs in the NWT that do operate programs specifically for the homeless and many of these receive their funding from GNWT Departments. An example is funding for Emergency Shelters, provided by Education, Culture and Employment.

This report identifies the services that support homeless northerners. This report is not an evaluation of those services or the agencies that provide them. The Social Programs Departments appreciate the participation of the NGO representatives in interviews and workshops. They gave their time generously and shared valuable information. Departments are thankful for the tremendous dedication shown by NGOs and individual volunteers providing services to assist the homeless.

While this report concentrates primarily on the issues of homelessness in the NWT's larger communities, the Social Program Departments recognize that homelessness has an effect on all communities, large and small. Over the next 18 months, additional projects will be identified and undertaken to improve the Social Program Departments' overall understanding and response to homelessness issues across the territory. This report is the first project.

Definition of Homelessness

Homelessness, for the purpose of this report, is defined as *men, women, youth and/or families living without shelter, or temporarily at emergency shelters or in government-sponsored transitional housing*. This definition has certain limitations, as it does not capture those who reside in overcrowded or those who "couch-surf", relying on temporary accommodation at the home of an acquaintance. This report focuses on those living without permanent shelter. The departments intend to examine the issues associated with those who reside with others in temporary or overcrowded accommodations in future projects.

In addition, this report does not include a discussion of, or recommendations for, "transients" who are only temporarily passing through a community.

Long-Term Goal

The Social Programs Departments have identified the long-term goal of ensuring that there are supports in place to protect those at risk of homelessness, and to assist those who are homeless to achieve adequate and appropriate housing. As a first step, this report identifies the gaps, overlaps and challenges in the present approach to homelessness, and makes recommendations for change in order to achieve the long-term goal.

OVERVIEW OF NWT HOMELESSNESS

The information gathered for this report came in large part from interviews conducted with representatives from NGO service-providers, municipal governments, the RCMP, and GNWT Social Programs Departments, Health and Social Services Authorities and Northwest Territories Housing Corporation district offices. Interviews took place in Yellowknife, Hay River and Inuvik.

Two workshops were held in Yellowknife, one each for NGO and GNWT representatives. During the interviews, respondents were asked to comment on common characteristics of homelessness in the NWT. There was a great deal of consistency in the classification of homeless populations, and significant agreement on the size of the populations in the three largest communities of the NWT. Common characteristics of the NWT's homeless are presented in the following sections under the headings single men and women, families with children, and youth.

As we proceed with work on addressing homelessness we need to consider:

- (a) That self-governments will acquire powers for the design and delivery of social programs. Their programming may impact the needs for homeless supports; and

- (b) That resource development may also impact on the needs for homeless supports. A further point to consider is how the recently agreed Socio Economic Impact Fund can be utilized to address the needs of the homeless.

Single Men and Women

Interview respondents have shared that, very often, the population of homeless singles has underlying addictions and/or mental health issues that exacerbate their inability to find, secure or keep a permanent residence. Many have been through the correctional segment of the judicial process; many fail to qualify for the full range of income supports on an ongoing basis because of their inability to make and sustain productive choices; and others no longer qualify for Public Housing because of arrears or past eviction, and have no good reference to offer a private landlord. Single men and women may have children, but not in their care when they are homeless.

Typically, members of this group have attempted to access every available government program, often with the advocacy and assistance of NGOs. These individuals either fail to qualify for assistance, or have their assistance level reduced and possibly terminated when they fail to meet program requirements. Single men and women tend to have a very low rate of success achieving independent living in public or private housing. The Centre for Northern Families estimates that only 10% of the homeless women it works with ever succeed in escaping homelessness permanently.

Emergency housing options for this group include the hospital, RCMP holding cells or emergency shelter facilities. Individuals are admitted to Stanton Hospital's Psychiatric Unit for observation if they pose a threat to themselves, to the RCMP holding cells if they are causing a disturbance, or are intoxicated and pose a threat to others, or emergency shelters if they are intoxicated or sober, and pose no threat to themselves or others.

Several NGOs have stated that the *Protection Against Family Violence Act (PAFVA)*, which came into force in April 2005, has caused homelessness for men ordered out of their home by an Emergency Protection Order (EPO).

Under the *Act*, an EPO may be issued if a Justice of the Peace is convinced that family violence has occurred, or that there is immediate danger of it occurring. The EPO can direct police to remove a violent person from the home, and can grant sole use of the home to the applicant.

Prior to the *PAFVA*, an abusive family member could be ordered out of the home as a result of criminal charges, a peace bond, or a restraining order. These options remain, but are now complimented by the addition of the EPO.

Many respondents have stated that family violence has forced many women and children from their homes. By forcing the violent partner from the home with an EPO or other official tool, the woman and children who would otherwise have fled to an emergency shelter remain in the home, and the violent partner who would otherwise have remained in the home is forced out. Though data on EPO use is not yet available, it is likely that the use of EPOs and other such tools has had no net effect on homelessness numbers.

The Salvation Army reports there are an average of 45 men in their overnight shelter in Yellowknife on any night of the year. The Centre for Northern Families, which provides shelter for single women in Yellowknife, reports an average of 25-30 women per night. Since 1999, the number of individuals using emergency shelters in Yellowknife has tripled, according to the Salvation Army.

In Inuvik it is reported that there are from 5-12 homeless single men and women at any time throughout the year.

In Hay River, the population of homeless single men and women was estimated to be quite small, perhaps less than six who are permanent residents of the area. Summer transients were identified as a particular group of homeless in Hay River, often stranded in town while on their way to Yellowknife in pursuit of employment. Transients tend to remain in the community for a brief time, often not more than one night.

Families with Children

Homeless families made up of a mother and father with children tend to rely on friends and family for temporary shelter, where possible, or they must access one of only five emergency shelter units available in Yellowknife at Rockhill Apartments, a facility operated by the YWCA.

There are five emergency shelters in the NWT for homeless women with children fleeing abuse. They are located in the communities of Fort Smith, Hay River, Inuvik, Tuktoyaktuk and Yellowknife. Shelters in the territory's three largest communities have reported their admissions figures, demonstrating the size of the population of homeless women and children. They have shared that:

- ◆ in 2004, the YWCA-run Alison MacAteer women's shelter in Yellowknife provided shelter to 106 women, 66 of whom were accompanied by their children;
- ◆ Hay River's Family Support Centre had 114 admissions of women and children fleeing abuse in 2004, up from 67 in 2002; and
- ◆ the Inuvik Transition House averages five women and eight children in its emergency shelter every month.

NGOs have suggested that there may be a hidden population of homeless mothers who shy away from accessing services for fear if they come forward to access supports, their children will be apprehended by Child Protection Workers. It is not known how many women and children remain hidden out of this fear.

Youth

Respondents spoke of homeless youth, and all agreed that the size of this population is very difficult to estimate. Youth who have left their parents' home, or that of a foster family, may have a network of friends or acquaintances with whom they stay for short periods of time "couch-surfing". While these youth are not homeless according to the definition used in this report, they are in need of more appropriate housing options.

While many "street youth" do have a home to return to, they choose not to for a variety of reasons. Common causes include being kicked out by frustrated parents or foster families, and fleeing family violence or abuse. Service providers have shared that many homeless youth have substance abuse issues, and may have undiagnosed mental health issues such as FASD and depression.

All agreed that homeless youth are a particularly vulnerable population. Youth between the ages of 16-19 years tend to fall between the cracks, as few services exist to meet their needs. Because youth, by definition, have not reached the legal age of majority, barriers such as additional insurance requirements, and having to take responsibility for a minor, prevent many service organizations from being able to provide services to youth. When NGO facilities do accept youth, they take on substantial risk.

Examples of housing barriers that exist for youth include:

- ◆ there are no overnight emergency shelters for youth in the NWT;
- ◆ emergency shelters for men and women, in all but the most critical situations, do not take in youth age 18 and under;
- ◆ income support eligibility is limited to those over the age of 19;
- ◆ Child Protection Workers cannot apprehend youth over the age of 16, and can only offer services with the consent of the youth in question; and
- ◆ Male children age 16 and over cannot accompany their mother to a women's shelter.

The Side Door Youth Centre in Yellowknife was funded to run a five-week overnight program for youth age 16 – 18 in early 2005. They report that over a dozen youth accessed the program during that time.

HOMELESSNESS IN SMALL COMMUNITIES

This report focuses on persons who are living on the street, in emergency shelters or in government-sponsored transitional housing. Regional centres such as Yellowknife, Hay River and Inuvik have emergency and transitional services, and Tuktoyaktuk and Fort Smith have emergency shelters for women and children. There are no emergency shelters or transitional housing options in the NWT's smaller communities. This report's consideration of homelessness in small communities is limited to cases of individuals and families who live on the street.

Emergency shelters and transitional facilities in Yellowknife indicate that many of their clients are recent migrants from smaller NWT communities. Though the reasons that individuals leave their home communities to travel to larger centres has not been assessed, several NGOs have suggested that their clients have come for the purpose of accessing services.

Many interview respondents stated that there are no individuals living on the street in smaller communities. An individual without a home will either be taken in by another household, or will travel to a community with a shelter. When the individual remains in the community, the situation of homelessness presents itself as overcrowding and couch-surfing. When a homeless individual move to a regional centre in search of services their issues become associated with the larger community. Homelessness appears to be an issue associated primarily with larger communities in the NWT.

The smaller community's issues of overcrowding, couch-surfing, and moving to larger centres need a closer look. The next steps for the homelessness project (see page 40) include examining these issues.

INTER-JURISDICTIONAL RESEARCH

Other provincial and territorial governments were surveyed for the purpose of determining what role they take in the funding and delivery of homelessness supports. The governments of Alberta (AB), Saskatchewan (SK), New Brunswick (NB) and Newfoundland (NL) provided information about the Departments involved and whether they deliver and / or fund homelessness initiatives.

All four jurisdictions report that more than one Department or Ministry has a responsibility for homelessness. The information provided appears in Table 1.

Table 1: Departments Involved in Homelessness Initiatives

AB	Five Ministries, and one Commission: <ul style="list-style-type: none"> ◆ Alberta Seniors and Community Supports ◆ Children's Services ◆ Health and Wellness ◆ Human Resources and Employment ◆ Infrastructure and Transportation ◆ Alberta Alcohol and Drug Addiction Commission
SK	Seven Departments involved, with lead taken by Community Resources and Employment, Housing Division.
NB	The Department of Family and Community Services acts as the provincial contact; other Departments also fund homelessness-related programs.
NL	Two Departments, one Corporation: <ul style="list-style-type: none"> ◆ Human Resources, Labour and Employment ◆ Health and Community Services ◆ Newfoundland and Labrador Housing Corporation

In the NWT, the Departments of Education Culture and Employment (ECE), Health and Social Services (HSS), Justice, the NWT Housing Corporation (NWT HC), and Municipal and Community Affairs (MACA) are the five Social Programs Departments.

None of the provinces responding to the survey *deliver* any programs designed to assist only the homeless.

All of the provinces *fund* others to operate homelessness programs. The information provided by the provinces is presented in Table 2 on the next page.

Table 2: Types of Programs Funded

AB	<p>Provides funding under the Homeless Shelters/Transitional Housing Initiative, and the Provincial Homeless Initiatives Grant.</p> <p>Funding under the Provincial Homeless Initiatives Grant is provided to community-based organizations in seven major urban communities on an annual basis, subject to budget constraints.</p> <p>Example of funded initiatives include:</p> <ul style="list-style-type: none"> ◆ Purchasing housing units for transitional housing initiatives; ◆ Construction of new housing units; ◆ Damage deposit assistance programs; and ◆ Developing outreach teams to assist homeless individuals to locate and maintain housing
SK	<p>Contributes funding to service agencies which provide services such as:</p> <ul style="list-style-type: none"> ◆ Shelter space (no programs); ◆ Shelter space with supports; ◆ Safe shelters for domestic violence; ◆ Transitional housing with supports; ◆ Brief detox centres; ◆ Youth shelters with supports; and, ◆ Family supports/outreach to keep people in their existing homes.
NB	<p>Provides funding to approximately 60 community volunteer agencies that operate food banks, clothing banks and soup kitchens. The province has taken a fairly “hands off” approach to the federal initiative.</p>
NL	<p>Funds a homeless shelter, operated by the Salvation Army, and contributes funding for a program for young people (age 16-29), operated by Choices for Youth.</p>

Across Canada, provinces are involved in homelessness initiatives insofar as funding non-governmental service agencies to provide targeted services. No provincial government surveyed runs, on its own, specific programming targeted at homelessness.

FEDERAL INITIATIVES

The Federal Department now known as Human Resources and Skills Development Canada (HRDSC) announced its National Homelessness Initiative (NHI) in 1999. Originally intended to run for three years, the initiative was designed to ensure community access to programs, and services and support for alleviating homelessness.

There are six programs within the NHI:

- ◆ Homeless Individuals and Families Information System;
- ◆ National Research Program;
- ◆ Regional Homelessness Fund;
- ◆ Supporting Communities Partnership Initiative (SCPI);
- ◆ Surplus Federal Real Property for Homelessness Initiative; and
- ◆ Urban Aboriginal Homelessness (UAH).

Projects sponsored in the initial phase focused on emergency shelter, and enhancing services such as food and furniture banks.

In the current phase, from 2003-2006, funding has been focused on longer-term supports such as transitional and supportive housing. At present, there have been more than 1,000 projects funded in 61 Canadian communities.

In 2001, \$1.54 million was announced for homelessness initiatives in Yellowknife. In August 2005, Canada announced that a further \$1.2 million would be contributed.

Most of the funds received from the NHI have been through the SCPI and UAH funds. The SCPI aims to increase the availability of, and access to, services and facilities along the housing continuum. SCPI funds must be matched by funds from other community sources. The UAH is designed to provide flexibility to meet the needs of homeless aboriginal people through culturally sensitive services. UAH funding does not require matched community contributions.

EXISTING SERVICES IN NWT

The Social Programs Departments do not run any programs designed to assist only the homeless, though they do operate a number of programs for a broader population that are also accessed by the homeless.

This section lists homeless supports offered by Social Programs Departments, NGOs, municipal governments and the RCMP. This list includes only those official programs run by governments and established organizations, and therefore, cannot be considered exhaustive.

Social Programs Departments, GNWT

Education, Culture and Employment (ECE)

Income Support

ECE is involved in homelessness supports primarily through its income support program. Booklets on *NWT Income Support Programs for Adults, Seniors, Students and Children* are available from ECE, and online at www.ece.gov.nt.ca. These information booklets provide all relevant program details.

Income support is a program of last resort that helps those with financial need. Income support provides three main benefits: food, shelter, and utilities, to those 19 years and older. Additional benefits are also available.

Benefits are needs assessed. Earnings of \$200 for individuals and \$400 for families are exempted from the needs-test calculation.

Income Support Workers are not social workers or counsellors. They have the role of determining eligibility for those who seek to access support.

There are four categories of client benefits (transitional, youth, adults, and community living) the details of which are presented below.

Transitional Benefit

The Transitional Benefit is intended for those who require assistance for a limited period of time, such as between jobs. The benefit provides support for food, shelter and utilities, can be paid for a maximum of two months, and does not require the recipient to be involved in a Productive Choice, such as:

- ◆ Employment;
- ◆ Education;
- ◆ Training;
- ◆ Hunting, trapping and fishing;
- ◆ Wellness;
- ◆ Community work; or
- ◆ Parenting.

Youth Educational Benefit

The Youth Educational Benefit is available to those aged 19-24 enrolled in school. The basic benefit provided for food, shelter and utilities. Additional benefits may also be provided for such costs as clothing, tuition and a security deposit.

Adult Benefit

The Adult Benefit, which is available to those between the ages of 25 and 59, requires the recipient to be involved in a Productive Choice such as employment, education, or parenting. A single adult may be eligible for up to \$750 per month for rental accommodation, and a family may receive up to the total monthly cost of rent.

Community Living Benefit

The Community Living Benefit is available to those over the age of 60 and those with a long-term disability. The basic benefit is provided for food, shelter and utilities, and additional benefits such as clothing, furnishings, and a security deposit may be provided.

Health and Social Services (HSS)

There are eight Health and Social Services Authorities that plan, manage and deliver a full spectrum of community and facility-based services for health care and social services. Each is governed by a Board of Trustees that make decisions based on the needs of the region.

Representatives from the Yellowknife Health and Social Services Authority (YHSSA), the Hay River HSSA, and the Inuvik HSSA were interviewed and shared examples of the services they offer related to homelessness.

New Horizons Centre

The YHSSA operates the New Horizons Centre, a drop-in centre for adults 19 years and older with mental health issues. The Centre is a safe, comfortable place for adults to spend the day. Coffee is available to all, and shower and laundry facilities are available in special circumstances. Day programming is offered, including outdoor seasonal activities, and staff, a telephone and fax are available to assist with efforts to find employment.

The Centre opened in April 2004, and sees an average of 20 people per day in the summer and 35 in the winter. Though clients are not required to provide any personal information, it is apparent to staff that the majority are homeless, spending their nights at emergency shelters run by the Salvation Army or Centre for Northern Families.

Mental Health / Addictions Services

Community Wellness Workers and Mental Health/Addictions counsellors provide mental health, addictions and family violence services in communities across the NWT.

Community Counseling Programs provide assessment and referral services when needed. The counselling programs also provide prevention and educational initiatives around mental health, addictions, and family violence issues in NWT communities.

The NWT's residential addictions treatment centre is the Nats' ejee K'eh Treatment Centre located on the Hay River Reserve. The facility provides treatment services to adults who have been referred through the Community Counselling Program. Youth who require addictions services receive treatment at southern facilities.

Psychiatric Unit

There is a ten-bed in-patient unit located within Stanton Territorial Hospital for those with mental health issues who pose a risk to themselves or others. Patients tend to fall into one of the following four groups: psycho-geriatric, children and adolescents, transients, and those with addictions. The Unit ran at 55% capacity in 2004.

RCMP bring homeless patients requiring medical attention to the emergency unit, and if concerns exist for their mental health, they are admitted to the Psychiatric Unit for a 72-hour assessment period. If it is determined that the individual is able to function and can find shelter at an emergency facility, then they will be released from the Unit. If the individual has no demonstrated shelter options, and is deemed unable to function outside of the facility, then they may be kept in the unit for a longer period of time. Few patients stay longer than 90 days, as most are provided other adequate supports in that period of time.

Child Protection Services

Child Protection Services (CPS) within the HSSAs are responsible for providing services to families with children.

When CPS is concerned for the safety and well-being of children, workers have the authority to apprehend. Homelessness is related to the work of CPS, in that if a family is without a home and cannot provide for their children, CPS may step in. In instances where the barrier to securing housing is arrears to Public Housing or an inability to pay a damage deposit, CPS may cover the required payment.

Transient Bed

The Hay River HSSA took action in April 2005 to remove some of the burden of the transient population from NGOs in the community. When a person arrives in Hay River for a short period of time and can't afford a hotel room, the HSSA is able to provide a bed on a one-time-only basis. The bed, located within the hospital, is only available if it is not otherwise required for a medical admission. Community NGOs, including local churches, have been advised of the service, and are encouraged to refer transients to the HSSA office at the hospital for emergency accommodation.

Justice

The Department of Justice, through Corrections, deals with many of the long-term homeless in the NWT, primarily single men.

Corrections Facilities

According to staff, admissions to the North Slave Correctional Centre (NSCC) in Yellowknife tend to rise in the fall. Some Corrections workers and NGO representatives have suggested that homeless single men commit small crimes with the intention of being jailed for the duration of the north's harsh winter. The NWT's Corrections system does not consider its role to include providing shelter for the homeless, but staff concede that the system may be used in that manner by some inmates who have few other options.

Release Planning

Corrections engage in release planning for inmates. One consideration is whether the inmate should be released to their home community or to the community in which they were detained. Corrections staff encourage inmates to return to their home communities, but cannot force them to do so. Justice will provide transportation home to an inmate who chooses to be released to his/her home community. This is done in spite of the fact that the individual is not the responsibility of the Department of Justice once they have been released. If, for example, an inmate initially chooses to remain in Yellowknife, then changes their mind within a week of release, Justice will likely provide a one-way fare to their home community.

NWT Housing Corporation (NWT HC)

The NWT HC runs a number of programs designed to encourage and assist homeownership. The program most closely tied to homelessness issues is the Public Housing Program.

The NWT HC is in the process of handing over administrative and financial control of the Public Housing subsidy to ECE. However, because the Public Housing program has thus far been administered by NWT HC, it will be discussed as an NWT HC program.

Public Housing Program

The Public Housing Program was designed to provide subsidized rental housing to individuals, families and senior citizens in need. Need is based on the financial situation of an individual or family. Those who are unable to find adequate or suitable housing for less than 30% of their gross household income may be eligible for a Public Housing unit.

Public Housing is in limited supply in all communities, and in many there is a waiting list. The NWT HC attempts to maximize the usage of its housing stock, so a family will always have priority over a single person to receive a two or three bedroom unit. Because of changing demographics, there is presently a need for bachelor and one-bedroom units. The NWT HC is attempting to obtain more bachelor and one-bedroom units by disposing of larger, single-family detached units and applying the subsidy dollars to smaller units.

Rental rates for Public Housing units depend on the client's income and the community in which a client resides. The lowest monthly rental assessment is \$32, except for seniors whose monthly rental assessment is \$0.

Rental programs are operated by the 23 Local Housing Organizations (LHOs), which are responsible for providing, maintaining and managing housing programs for the residents of their respective communities.

Independent Housing Program (IHP)

The IHP assists low-income persons in eligible communities to obtain and/or repair a modest home. In larger communities such as Yellowknife, Inuvik, Hay River and Fort Smith, there are limitations on the location and types of dwellings eligible for the program. While this program is not a support for those who are homeless, it may be of assistance to those who are at risk of homelessness, or who live in inadequate housing.

Elders on the Land Initiative

This initiative provides repairs or replacement units to persons who live on the land in substandard dwellings. The goal is to make elders' homes safer and healthier, while allowing them to maintain their traditional lifestyle. Those who live in substandard dwellings are not considered homeless by the definition used in this report, but they may be at risk of homelessness.

NGOs, MUNICIPAL GOVERNMENTS AND THE RCMP

Organizations that offer homelessness supports (other than GNWT Departments) are listed in this section in alphabetical order. A chart that identifies the community in which the organization is located, and the type of service it offers, is provided for quick reference in Table 3, appearing on the next page.

Table 3: Providers of Homelessness Supports

Organization	Location	Primary Homelessness Services
Centre for Northern Families	Yellowknife	Emergency shelter for single women Counselling
Churches	NWT-wide	Advocacy Emergency shelter in rare circumstances
Family Support Centre	Hay River	Emergency shelter for women and children
Inuvik Interagency Committee	Inuvik	Coordination of community initiatives
Inuvik Transition House	Inuvik	Emergency shelter for women and children
John Howard Society	NWT-wide	Advocacy for offenders
North Slave Housing Corporation	Yellowknife Dettah N'dilo	Social housing for aboriginal persons
NWT Council of Persons with Disabilities	NWT-wide	Advocacy and support for the disabled
Municipal Governments	Hay River Inuvik Yellowknife	Facilitation between territorial government and service-providers
RCMP (Yellowknife detachment)	Yellowknife Dettah N'dilo Gamèti, Behchokō Wekweèti Whati	Emergency shelter for intoxicated single men and women
Salvation Army	Yellowknife	Emergency shelter for single men Addictions services Counselling
Side Door Youth Centre	Yellowknife	Advocacy Emergency shelter for youth for five-week trial period in early 2005
Tree of Peace Friendship Centre	Yellowknife	Advocacy Education and training
Turning Point	Inuvik	Emergency shelter for single men and women
Yellowknife Homeless Coalition	Yellowknife	Coordination of community initiatives
Yellowknives Dene First Nation Housing	Dettah N'dilo	Social housing for Yellowknives Dene
YWCA	Yellowknife	Emergency shelter for women and children Transitional housing for families
Other NWT Women's Shelters	Fort Smith Tuktoyaktuk	Emergency shelter for women and children

Centre for Northern Families/ Yellowknife Women's Society

The Centre for Northern Families/Yellowknife Women's Society has a mandate "to support and assist women in empowering themselves so they can develop their goals, achieve wellness, enjoy equality and be recognized for the contribution they make in the community". The Centre runs many services accessed by its homeless clients. Information on these programs can be found online at www.theedge.ca/northernfamilies/.

Women's Emergency Shelter

The Centre for Northern Families operates a shelter for homeless women not accompanied by children. Though youth under the age of 19 cannot typically be admitted, in rare emergency circumstances they may be sheltered overnight until more appropriate accommodations can be accessed the next day.

The shelter will not turn women away if they are intoxicated at the time of their arrival. If, however, a woman poses a threat to herself or others, she will be asked to leave immediately, and other resources such as the hospital or RCMP will be accessed.

Clients are not required to pay for shelter, but are expected to contribute through volunteer work, and to participate in recovery endeavours such as addictions support, counselling or work experience.

The Centre indicates that the majority of its clients face addictions issues. Many have children who are no longer under their care.

Medical Clinic

A medical clinic is open one day a week, offering services to the residents of the emergency shelter and walk-in patients.

Travel Assistance Policy

The Centre delivers the Homeless Travel Assistance funding on behalf of HSS. Clients who are homeless in Yellowknife, and wish to return to their community where they have a home, may receive a one-way ticket.

Churches

Often, homeless individuals who know of no other place to turn will seek shelter at a church. This is more prevalent, or perhaps more noticeable in communities that have few other community-based organizations.

In Hay River, the churches have become *ad hoc* shelters particularly for transient homeless on their way to or from an employment opportunity in Yellowknife. While these individuals tend not to stay for long, often leaving town after one night, their volume has taxed the resources of the churches.

Clergy have opened church basements, and in some cases, their personal home and vehicle to provide the homeless with a place to stay.

In addition to providing temporary shelter in emergency situations, church funds have been used to purchase one-way fares for the transient homeless.

Family Support Centre (Hay River)

The Family Support Centre is Hay River's emergency women's shelter. The shelter has twelve beds, and has a policy to never turn away someone in need. If the shelter is at capacity, it will refer a client to trusted community residents who are known to have an empty room available, or to a local motel that is known to offer room and board in exchange for work, for those in need.

The shelter's maximum stay is six weeks, though discretion has allowed stays of longer duration.

The Centre operates a three-bedroom second stage home for families who are making a transition to independent living. The home is generally reserved for one family at a time.

Staff estimates that three-quarters of their work involves advocacy and referrals on behalf of clients. Typically, Centre staff help clients secure employment and an adequate apartment.

In 2002-03 the shelter recorded 67 cases, rising to 82 in 2003-04, and 114 in 2004-05. A "case" is a family, and may include more than one individual if a woman arrives with children.

The busiest months for the Centre are from September to December.

The Centre receives six-week lump sum funding to assist those who are leaving abusive situations. The Centre is not mandated to act as a homeless shelter, though in practice, homelessness issues affect many of those who rely on the Centre's services.

Inuvik Interagency Committee

Formerly the Inuvik Alcohol Committee, the Inuvik Interagency Committee has existed for 20 years providing a forum for agencies to meet to discuss service gaps and how best to fill them. The Committee has an open membership, with approximately 30 groups represented at present.

The Committee operates initiatives such as the Justice Committee, a suicide hotline, and the local food bank. The Homeless Committee is a sub-committee. The Committee is presently examining options for a new homeless shelter with a focus on addictions prevention.

Inuvik Transition House

The Inuvik Transition House is an emergency shelter for women and their children who are leaving an abusive situation. Women may be allowed to remain at the shelter for a maximum of six weeks, though in some circumstances, an extension may be allowed.

The shelter has four bedrooms, and a maximum capacity of 14 individuals. Over the last five years, the shelter has averaged five women and eight children per month. Approximately 60% of those in the shelter have been from Inuvik, and the remaining 40% from other NWT communities.

Like other women's shelters, the Transition House has a policy of accepting male children only up to the age of 15.

The shelter provides food for its clients and basic necessities such as diapers for infants. If necessary, the shelter may provide a woman with a small comfort allowance if she is without any other source of funds and has a need. The shelter raises resources for its additional expenses through fundraising initiatives such as community bingo.

John Howard Society

The John Howard Society has an interest in effective, just and humane responses to the causes and consequences of crime. Though the Society does not run any programs specifically targeted at homelessness, the population it serves is often confronted by homelessness issues.

The Society employs one individual to participate in the Fine Options, Community Service, and Community Justice Committee programs run by the Department of Justice.

Through its staffed position, and many volunteers, the John Howard Society advocates on behalf of offenders and those released from correctional facilities who are often homeless, or at risk of being homeless.

North Slave Housing Corporation (NSHC)

The Corporation runs the federal Urban Native Housing program, and owns 75 units in Yellowknife, which are rented to aboriginal persons who meet an income cutoff test.

NSHC is not Public Housing, but affordable housing promoting home ownership. Clients are encouraged to budget their money wisely, and the Corporation reports that many former clients now own homes.

The base rental rate for a house is \$500/month, and slightly less for an apartment. The base rent is charged to clients who are not employed, or who do not produce proof of their income. For those who do provide proof of income, rent is assessed at 25% of gross income to a maximum of the base rate. Utility bills are charged to the client, less a NSHC subsidy of \$60/month. The Corporation charges only \$32 for a new tenant's first month in an effort to alleviate the burden of moving expenses. After that time, unless a client is disabled, rent rises to the assessed rate, to a maximum of \$500.

Clients are required to attend an evening seminar on tenancy expectations before they are eligible for housing. There is a six-month Yellowknife residency requirement for eligibility, which is waived for the disabled.

Clients on income support are permitted to remain in or on the waiting list for NSHC housing, in spite of the fact that by accessing income support, they are necessarily on a waiting list for NWTHC Public Housing.

The NSHC is examining options for selling a few of its houses to fund the building of units for the hard-to-house.

NWT Council of Persons with Disabilities

The NWT Council of Persons with Disabilities advocates on behalf of disabled residents of the NWT. The Council reports that many disabled persons are at risk of being homeless.

If the Council learns of a client who is in danger of eviction, the Council will attempt to intervene and advocate on the client's behalf.

Municipal Governments

Municipal governments have a broad legislative mandate that enables each to determine the scope of its involvement in homelessness initiatives. The municipal governments of larger communities, such as Yellowknife, Inuvik and Hay River, often act as a facilitator between community groups and the territorial government.

The City of Yellowknife has become involved in the Yellowknife Homeless Coalition, with the mayor and often a staff person attending the Coalition's meetings, and by administering the Coalition's funds. The City of Yellowknife has also given annual core funding to the Side Door Youth Centre in support of the programs it runs for homeless youth in the City.

RCMP (Yellowknife Detachment)

The Yellowknife RCMP detachment reserves several holding cells for the intoxicated. The "drunk tank", as it is commonly known, often serves as a shelter to those who cannot access services at other agencies in Yellowknife. The RCMP have indicated that the cells are reaching maximum capacity.

According to the RCMP, crimes spike in winter months in Yellowknife and surrounding areas, and many individuals commit crimes in an attempt to secure shelter at Correctional Centres. There have been instances where individuals ask to be let in to the RCMP's drunk tank overnight during severe cold spells.

The RCMP in Yellowknife become involved in homelessness when they must accompany homeless individuals with severe mental health issues who pose a risk to themselves to Stanton Hospital for admission to the emergency ward and Psychiatric Unit.

Salvation Army

The Salvation Army owns a three-storey facility in downtown Yellowknife housing a men's emergency shelter, a detoxification program, and the Salvation Army's NWT Resource Centre. These programs and services are described below.

Men's Emergency Shelter

The Salvation Army operates a 44-bed shelter in Yellowknife for single men over the age of 18. From 1999 to 2005, the average number of homeless clients served residing at the shelter has tripled to 45 per day.

Shelter space is available for homeless persons, with bunks in two rooms reserved for those who are making productive choices, one room for those who are not intoxicated but are not making productive choices, and a room of 12 mats for those who are intoxicated but pose no threat to themselves or others. Young men, 18 years of age, are segregated from older clients.

The Salvation Army provides two meals for its clients, and offers washroom, shower and laundry facilities.

Withdrawal Management Services

The Salvation Army runs a six-bed Withdrawal Management program for men over the age of 19 who are referred by a recognized agency. Clients withdrawing from an addictive substance may stay in the facility 24-hour/day for up to two weeks. The average length of stay is 5-10 days. The program is not intended as a long-term rehabilitation support.

NWT Resource Centre

The Salvation Army's NWT Resource Centre provides a number of supports intended to assist the homeless. The Working Family Housing Assistance Fund may provide assistance to families in which at least one parent is gainfully employed, for such expenses as security deposits, utility connections and arrears.

Caseworkers at the Resource Centre work with homeless clients to identify barriers to transitional housing, and assist in finding solutions.

Homeless Travel Assistance Policy

In December 2004, HSS introduced the Homeless Travel Assistance Policy. The Salvation Army is one agency that administers the funding in Yellowknife. Homelessness may result when an individual is stranded in a community unable to afford the cost of return travel to their home community. The Salvation Army may grant homeless persons, who wish to return to their home community and have a home to return to, a one-way ticket. An individual is only eligible for the program once.

Side Door Youth Centre

The Side Door Youth Centre facility was built in part with federal NHI funding, and is modeled after a successful facility operating in Winnipeg. The Centre receives annual core funding from the City of Yellowknife, and relies on additional support from churches and individuals.

Overnight Program

In February 2005 the Side Door was funded by the YHSSA to operate a five-week overnight program for youth between 16-19 years. There were over a dozen youth who accessed overnight supports while the program was in operation.

Two staff were on-site through the night, and counsellors were available in the morning to discuss any issues clients brought forward, and to provide information on other services available to youth.

Daily Supports

The Side Door Youth Centre offers a safe place for youth to go during the day, where they and their problems can be identified, and supports offered. Because the Side Door rents part of its facility space to other community groups in an effort to subsidize operating costs, it cannot be open to youth all the time. Whenever its doors are open to youth, there are staff on hand to offer counselling to youth should they seek it. Youth have access to shower and washroom facilities within the building, couches, and recreational games.

Tree of Peace Friendship Centre

The Tree of Peace Friendship Centre in Yellowknife runs a variety of programs designed to assist individuals to become employable. Centre staff report that homeless individuals access many of their programs. Programs include:

- ◆ Adult Education;
- ◆ Drugs & Alcohol;
- ◆ Culture & Employment;
- ◆ Summer camp; and
- ◆ Elders Activities.

Enrollment in the Tree of Peace's adult education program is considered a productive choice for the Adult Benefit offered by Income Support. Operated at a separate location in downtown Yellowknife, the program teaches curriculum up to Grade 12. Enrollment is capped at 16 students, and at any time there is waiting list of 6-20 individuals. Students are typically between the age of 30 and 60 years, and may live in a range of situations, including emergency shelter and transitional housing. Students may also be taught driving skills in order to attain a driver's licence. The program receives funding from ECE.

HSS funds addictions worker positions at the Tree of Peace. The Tree of Peace runs programming for those addicted to substances, and encourages the participation of family. The four-stage program includes referrals to other services, education on the effects of addictions, counselling on the cycle of addictions, and provides skills to cope with recovery and guard against relapse.

The programs are open to all individuals, including First Nations, Inuit, Metis and non-aboriginals.

As of June 2005, there were six addictions workers at Tree of Peace. In the month of April 2005, addictions workers conducted 183 meetings with individuals seeking their services.

Turning Point

The Gwich'in Band Council has recently taken control of Inuvik's Turning Point homeless shelter. The shelter is intended for sober men and women age 19 and over. Those who are under the influence of drugs or alcohol are not accepted into the facility. The shelter is furnished with beds, and can house a maximum of eleven individuals, with men and women in segregated sleeping quarters.

Shelter residents have access to full washroom and shower facilities, and are provided breakfast and dinner.

The shelter is intended to be an emergency resource for the homeless, but there is no maximum length of stay enforced. Some clients have remained at the shelter for over a year. Those who have employment income are expected to pay nominal fees for room and board, but collection remains *ad hoc*.

The Band reports that there are five individuals who are dependent on Turning Point for housing, while several others use the facility from time to time.

Yellowknife Homeless Coalition

The Yellowknife Homeless Coalition was formed in January 2000 in response to the federal government's announcement of funds specified for homelessness. Coalition members include representatives from federal, territorial and municipal governments, and Yellowknife NGO service providers.

The Coalition's vision is to provide a seamless continuum of housing and support services for marginalized individuals and families living in or moving to the city of Yellowknife.

The Coalition has been instrumental in accessing federal funding which has contributed to the construction of the Side Door Youth Centre facility, and will be used for the planned building of a mixed-use facility for single men. The Coalition's funding comes in large part from Human Resources and Skills Development Canada (HRDSC) through the National Homelessness Initiative's Urban Aboriginal Strategy.

Yellowknives Dene First Nation Housing

The Yellowknives Dene First Nation – Housing Division is a legal agent of the NWT HC, funded by the GNWT to provide affordable housing to all residents of Dettah and N'dilo.

The YKDFN owns 73 units in Dettah and N'dilo. Rent is determined in the same manner as for NWT HC clients. The lowest monthly rate of \$32 is charged to those on income support. Units tend to be in high demand, and there is almost always a waiting list.

Young Women's Christian Association (YWCA)

The YWCA is the largest provider of emergency shelters and transitional housing for women and their children in Canada. Providing quality housing and support services for women and their families is the YWCA's priority.

Alison McAteer

The YWCA operates Alison McAteer House in Yellowknife, a 12 bed emergency shelter for women and their children fleeing abuse. In 2004, 106 women and 116 accompanying children were sheltered at the facility.

The shelter is only funded to provide services for those fleeing abuse, which may not cover every instance of homelessness. The shelter serves women over the age of 18 and their accompanying children. Male children can be accommodated only to the age of 15.

Those who use the shelter may only require one night's stay, while others may stay up to six weeks. Only in circumstances where other options do not exist will the shelter permit a stay of longer than six weeks.

Rockhill

Rockhill Apartments is a 39-unit complex in Yellowknife owned by the GNWT, but leased to, and operated by, the YWCA. Five units are reserved for families requiring emergency shelter. Families are permitted to stay in the emergency units for up to three months. No rent is charged to those in emergency units, as the YWCA receives specific funding for those units from the NWT HC and ECE. As of May 2005, the waiting list for these units was 60 families long. The remaining 34 units at Rockhill are transitional housing. Families (most often women with their children) are permitted to stay for up to one year, though the YWCA uses discretion to allow some to stay longer. Those in transitional housing must pay rent. Single room apartments are rented for \$1000/month, and two bedroom units for \$1200/month. All rooms are fully furnished, and utilities are included in the monthly rent. Rockhill Apartments has YWCA staff on-site to provide counselling and support. Security staff is always on duty between 8:00 pm and 4:00 am.

Supported/Independent Living

In February 2005 the YWCA opened a psychiatric group home for individuals with mental health issues who have no alternative accommodation. The home can accommodate five clients, and has a trained staff on site 24 hours/day. Presently, there is no maximum length of stay. The home is funded by the YHSSA, and residents must be assessed and referred to the facility by YHSSA staff. Residents are free to come and go as they please.

The YWCA owns and operates two houses in which a total of eight clients reside. These clients have mental health issues that necessitate assisted living arrangements. Rent charged for these units is \$750/month for a single room, which is the limit of income support's shelter allowance. If not for this service, clients would be at risk of homelessness.

The YWCA has set a goal of purchasing one house per year for the assisted living program.

In addition to the group homes run by the YWCA, there are 27 individuals living in private residences in Yellowknife who receive periodic support from the YWCA. These individuals are able to maintain their independent households with the support of the YWCA.

Women's Healing and Recovery Program

The YWCA in Yellowknife receives funding from YHSSA to deliver a healing and recovery program designed for women dealing with trauma (including sexual abuse and domestic violence) and addictions. The program incorporates educational programs on life skills and parenting.

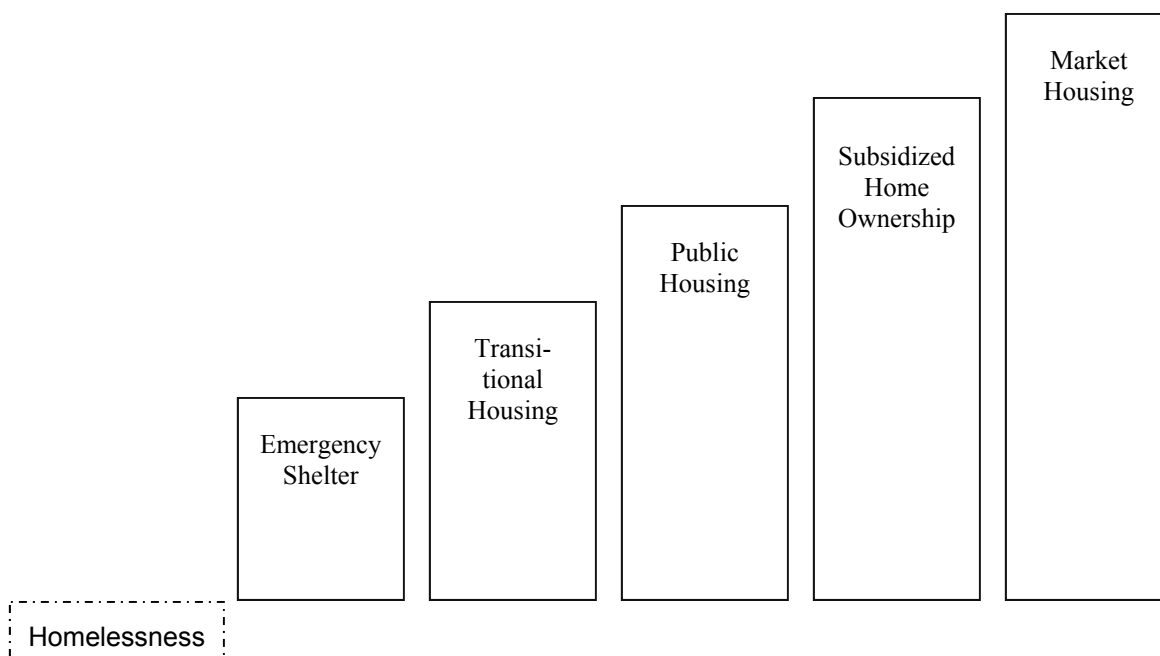
Other NWT Women's Shelters

In addition to the shelters in Yellowknife, Hay River and Inuvik, there are additional shelters in both Tuktoyaktuk and Fort Smith. The Tuk Women's and Children's Centre and Fort Smith's Sutherland House are facilities which provide emergency shelter to women and their children who are fleeing abusive situations.

HOMELESSNESS SERVICES - PROBLEMS ENCOUNTERED AND SOLUTIONS SUGGESTED

The following figure represents the current state of the housing continuum in the NWT. From a state of homelessness, there are only two steps of support on the path to Public Housing, another step to achieve subsidized home ownership programs, and then a further step to access private market housing. The continuum is not, in fact, continuous, as there are gaps between steps that may cause an individual to fall back to a state of homelessness.

Figure 1: The Housing Continuum at Present



Over the course of the interviews and workshops conducted with representatives from the territorial and municipal governments and community organizations, many gaps and challenges, and a few overlaps in the Social Programs Departments' response to homelessness were identified. In most instances, the parties who identified a problem suggested potential solutions.

The issues discussed throughout the interviews and workshops are described in this section, and following each is a summary of the solutions proposed by those who raised the issue. The issues are listed according to the group of homeless affected, starting with those that apply to all groups under the heading "General".

General

Housing Continuum	
PROBLEM	<ul style="list-style-type: none"> ◆ Transitional housing such as that run by the YWCA is limited to families. Single men and women with no dependents have no available housing option between emergency shelter and Public Housing, which they cannot easily obtain given their low priority in the system. ◆ Low-income individuals and families living in transitional housing are unlikely to be able to secure or afford private housing. ◆ Those with mental health or addictions issues tend to face difficulties that prevent them from accessing or succeeding in existing programs. ◆ Few individuals have success transitioning from a state of homelessness to securing adequate housing.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ GNWT and NGO representatives have suggested that a housing continuum, in which transitional housing plays an important role, is necessary. ◆ The Yellowknife Homeless Coalition is planning to build a mixed-use facility, including transitional housing for single men, and the support of the GNWT is encouraged. ◆ NGOs are unanimous in their assertion that no more emergency shelter spaces are required in Yellowknife. Instead, they have suggested that more transitional housing options are required across the territory. ◆ Some individuals with physical disabilities, mental health issues or addictions require long-term supported housing, NGOs have suggested. ◆ Some NGOs have suggested that “near market” housing options are required to bridge the gap between transitional and private market housing. ◆ Several NGOs have suggested that those in transitional housing should have expenses such as utilities, childcare and higher rent introduced gradually. ◆ One NGO suggested that a rent bank be established from which tenants could borrow up to two months rent, as is done in some southern communities. ◆ Many respondents suggested that day programs are required for the homeless, particularly during the hours in which emergency shelters are closed. ◆ Several NGOs suggested that supportive housing would be helpful for women and their children who have left emergency shelters. The specific need cited was for a less-communal living arrangement, so women could gain independence.

Addictions Treatment

PROBLEM	<ul style="list-style-type: none"> ◆ There is only one residential treatment centre in the NWT, located on the Hay River Reserve. Individuals from other communities must travel to either Hay River or Yellowknife to access treatment services. ◆ Detoxification programs, such as the Withdrawal Management program in Yellowknife, focus only on short-term treatment, and there is little follow-up treatment to ensure that the addiction is conquered. ◆ The NWT does not have a residential treatment program for children or youth located within the NWT
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ Both NGO and GNWT representatives felt that detoxification services are not enough, as a chronic alcoholic cannot detoxify in only 48 hours. It was suggested that the NWT requires more residential treatment facilities. ◆ Several NGOs suggested that supportive housing is required for persons coming out of addictions treatment facilities. These individuals need a safe and supportive place to go while they learn to cope without the use of addictive substances. ◆ It was suggested by one NGO that the former residential healing school on the road to Dettah could serve as a Half-Way house for those returning from addictions treatment. ◆ NGOs and GNWT representatives thought that Half-Way houses and supported living arrangements are required for those recovering from addictions. ◆ On the land programs would assist those in recovery to develop pride in themselves and their culture, several NGOs suggested. ◆ Representatives from an NGO and a GNWT Department suggested that a program run in Gallup, New Mexico showed promise for assisting those with addictions. In essence, a person arrested for public intoxication can be held for 72 hours during which time then can be checked into a detoxification program run by the local Band.

Public Housing Eligibility

PROBLEM	<ul style="list-style-type: none"> ◆ Those living in emergency shelters or transitional housing are eligible for Public Housing. However, these units are allocated on the basis of need. Individuals/families living in transitional housing may be on the waiting list longer than those who are homeless and cannot access transitional units.
SOLUTIONS	<ul style="list-style-type: none"> ◆ Some NGOs have suggested the NWTHC revisit policies with regard to eligibility. ◆ Since some NGOs feel that those in shelters or transitional units are not eligible for public housing, it is important for the NWTHC and the LHOs to ensure that their eligibility criteria are clearly communicated to NGOs providing services to the homeless.

Income Support Eligibility

PROBLEM	<ul style="list-style-type: none"> ◆ To be eligible for the full accommodation benefit under the income support program, an individual must either be in, or on the waiting list for, Public Housing. An individual who has been evicted from Public Housing, who is in arrears to the NWTHC, or who is residing in emergency shelter cannot access the full accommodation benefit under the income support program.
SOLUTIONS	<ul style="list-style-type: none"> ◆ NGOs have suggested that those living in transitional housing should be eligible for the full accommodation benefit under the income support program.

Income Support Claw-Back

PROBLEM	<ul style="list-style-type: none"> ◆ While on income support, an individual is allowed to earn \$200, and a family \$400, before their income support payment is reduced. Any earnings over the allowable amount reduce one's income support payment at 1:1, which may discourage recipients from seeking employment. This issue requires further examination and analysis.
SOLUTIONS	<ul style="list-style-type: none"> ◆ NGOs had several suggestions for changes to the policy governing earned income for those on the Adult Benefit: <ul style="list-style-type: none"> • One NGO representative suggested that a six-month grace period should be introduced, during which time earned income does not reduce the income support payment. • During a workshop, several NGOs agreed that a graduated earned income clawback would be an improvement. Specifically, they suggested a possible schedule where income between \$400 and \$1,000 for a family could reduce income support by 25%, and income from \$1,000 to \$1,500 by 50%, etc.

Three-Month Leases

PROBLEM	<ul style="list-style-type: none"> ◆ Several NGOs have suggested that fixed term leases are sometimes used by LHOs as a means to avoid involvement of the Rental Office in the event the LHO finds it necessary to pursue an eviction.¹
SOLUTIONS	<ul style="list-style-type: none"> ◆ Several NGOs felt strongly that the practice of issuing three-month leases should cease. ◆ GNWT representatives have suggested that the purpose of using fixed-term leases be clarified with NGOs who provide services to homeless individuals.

Supports for the Disabled

PROBLEM	<ul style="list-style-type: none"> ◆ There is little in the way of accessible housing and supports for the disabled in most NWT communities, so often, the disabled often must go to Yellowknife, where they will likely be placed on a waiting list for accessible Public Housing. They may have a home in their community, but it is not suited to their needs.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ NGOs suggested that increased supported living options would benefit many disabled who have difficulty operating a home on their own. ◆ One NGO mentioned that the earned income clawback for those receiving the Community Living benefit should be reexamined, as many disabled persons would like to work, but see no benefit from work if it reduces their income support benefit 1:1. ◆ One NGO suggested that disabled persons should have access to Public Housing without having to be a recipient of income support.² ◆ One NGO suggested that the government should encourage private builders to construct houses with level entries.

¹Fixed-term leases are sometimes used by all LHOs as a housing probationary period or as an interim measure for emergency housing allocations. The duration of the fixed-term lease is at the discretion of the LHO. Tenants are given 30 days notice that their lease will not be renewed, along with the reason for the decision.

Leases are always renewed unless there are issues of arrears, damages or disturbances. Tenants may appeal their eviction to the LHO Board.

Following an initial fixed-term lease, or probationary period, most tenants in all LHOs are provided with longer-term leases.

²Disabled persons do not have to be on income support in order to become a Public Housing tenant. Depending on the disability and because of the limited number of appropriate barrier-free units, disabled persons may have to occupy a non-barrier-free unit until an appropriate barrier-free unit becomes available.

Shortage of Affordable Housing

PROBLEM	<ul style="list-style-type: none"> ◆ There is a shortage of affordable housing in the NWT. The private market is unable to keep up with the demand for housing, leading to the inflation of private market rental rates and housing prices. The NWT HC, in conjunction with the Canada Mortgage and Housing Corporation (CMHC), has offered to make contributions to private development projects in exchange for ten years of lowered rental rates, however no developer has taken up the offer, because the private housing market is more lucrative.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ Several NGO representatives suggested that the government should explore other incentives to increase affordable housing starts. ◆ Some NGOs suggested that the government should fund hostels in larger centres that see many transients and short-term/seasonal workers. ◆ One NGO noted that the housing stock set-aside for teachers and nurses in small communities should be used to its potential. If vacant, units should be given to those on Public Housing waiting lists.³ ◆ NGO and GNWT representatives advocated for creative solutions to housing shortages, such as making use of a barge for sale in Yellowknife, or purchasing camp modules which are able to house ten or more single individuals.

³The NWT HC advises that Public Housing units are reserved for individuals and families with low incomes who are in need. The maintenance costs of these units are cost-shared with CMHC and the rent is heavily subsidized. The Market Housing units are set-aside for teachers and nurses in small communities. There is no subsidy attached to these units. Their rent is based on a full cost-recovery system. Vacant Market Housing units could be utilized for public housing units, only if another Government Department would be willing to pay the full cost recovery rent.

Life Skills	
PROBLEM	<ul style="list-style-type: none"> ◆ Many homeless, including those who are living in emergency shelters and transitional housing, lack the skills required to be good tenants. Tenancy skills include respecting the right of neighbours to enjoy a quiet and peaceful environment, and being responsible for the actions of the guests in one's home. ◆ Many homeless have a limited familiarity with budgeting financial resources. They face huge obstacles that prevent them from accumulating the funds necessary to secure a rental apartment, and often those who have homes are challenged, on their own, to pay utilities and rent on time. ◆ In terms of employable skills, many long-term homeless feel they are unable to secure work because of illiteracy, lack of a formal education and lack of driver's license.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ Some NGOs suggested that prior to signing a lease for Public Housing, tenants should be required to attend a brief seminar on good tenancy practices, as the North Slave Housing Corporation requires.⁴ ◆ Some NGO representatives suggested that a Tenant Relations position should be established, with a mandate to make tenants of Public Housing aware of the consequences of their actions before eviction is sought, and to counsel or otherwise assist tenants.⁵ ◆ A couple of NGO representatives suggested that the Public Housing base rate of \$32/month should be increased gradually as tenants gain experience budgeting their money. ◆ NGOs suggested that financial literacy should be incorporated in school curriculum. ◆ One NGO suggested that full-time aboriginal language programming should exist in all NWT schools.

⁴All LHOs provide one-on-one counselling to potential tenants. In addition, many LHOs have written resource materials for tenants. For example, the Yellowknife Housing Authority provides a brochure to all applicants, explaining their obligations. The Tenant Relations Officer explains the Residential Tenancy Agreement to all tenants, clause by clause. The lease describe the tenant's obligations in detail. The Program Officer then describes the financial obligations of a tenancy and the consequences of avoiding those obligations. The Program Officer then establishes a home visit/inspection approximately two months into the tenancy.

⁵Each LHO has a Tenant Relations Officer position or equivalent. The purpose of this position is to ensure that tenants are aware of and understand their obligations. In addition, the Rental Officer provides advice and guidance upon request.

Consistency and Collaboration

PROBLEM	<ul style="list-style-type: none"> ◆ The service an individual receives when he or she visits a government support worker is not always consistent. Government personnel have varied levels of familiarity with the programs and services available, so the level of service received depends upon the individual seen. As a result, those in need of services may become discouraged while seeking assistance from the territorial government. ◆ There is a lack of consistency between Child Protection Services within the HSSAs and Income Support regarding the coverage of damage deposits and the payment of arrears and rent. ECE's policy is to provide a damage deposit to a client only once. ECE will not provide payment for arrears or rent if a client has been evicted from Public Housing. However, the HSSAs may pay off assessed damages or provide a damage deposit, arrears or rent if these barriers prevent a family with children from securing housing.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ NGO and GNWT representatives suggested that Departments should review the purposes of their various policies, and reexamine those that work at cross-purposes to those of another Department. ◆ NGO representatives advocated a common policy between GNWT Departments and agencies that would assist the homeless to move upward through the housing continuum. ◆ One NGO suggested that the Department of Municipal and Community Affairs (MACA) should be involved in government decisions affecting homelessness. ◆ One individual, a former representative of a GNWT Department, suggested that the Social Programs Departments should each maintain representation on the Yellowknife Homelessness Coalition. ◆ NGO and GNWT representatives suggested that a single point of entry to access government services such as income support, mental health and addictions counselling and Public Housing would benefit those who fail to access the present system. ◆ Representatives of NGOs and a municipal government suggested that a single government body with a responsibility for homelessness should be established, so that agencies and individuals need only communicate with one government contact. ◆ One NGO suggested that an inter-department group should be established with a mandate to be aware of homelessness issues and available programs. ◆ One NGO suggested that GNWT Departments should consult with service-providers when developing policies that will impact homelessness.

Single Men and Women

Adult Benefit Requirements	
PROBLEM	<ul style="list-style-type: none"> ◆ The Income Support Adult Benefit requires that an applicant enter into a Productive Choice in order to continue to access support. The reporting requirements for clients include proof of attendance at school, if education is the selected productive choice, and monthly statements of income. Many persons in need of income support lack the cognitive abilities to meet these requirements, but cannot be easily identified as having a disability that would make them eligible for the Community Living Benefit. As a result, they are excluded from income support.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ Several GNWT and NGO representatives suggested there should be general practice social workers whose function it is to help those on income support with the reporting requirements, and other issues they may have. ◆ Several respondents suggested there should be a single point of entry for GNWT social supports, so that those who require assistance don't have to visit staff at various Departments.

Support for Released Inmates

PROBLEM	<ul style="list-style-type: none"> ◆ Individuals may, on release from a correctional facility, leave with a small amount of money that they have earned, but they often lack sufficient resources to get back on their feet. They may book an appointment with an Income Support worker, but the appointment may not be until days later, during which time the individual is likely homeless. ◆ Individuals released from a correctional facility find it extremely difficult to secure market housing, particularly in a housing market as tight as that in the NWT. With vacancy rates approaching 0%, private landlords are able to find tenants to fill their units without having to rent to individuals with no references and a completed sentence. ◆ Those with a cognitive disability (perhaps FASD) are reported to respond well to the structure and rules in place in correctional facilities, but struggle to make productive choices once released.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ NGOs suggested that Income Support workers should make regular appointments at Correctional facilities so that inmates have supports in place as soon as they are released. ◆ It was suggested that Halfway houses for released inmates should be established. An appropriate facility would be non-judicial, but with rules and structure. <ul style="list-style-type: none"> • GNWT staff suggested that land beside the North Slave Correctional Centre could be used to build a Halfway house. • NGOs suggested that a Halfway house should be located away from the jail. ◆ Better release planning for inmates was suggested by NGO representatives. ◆ A GNWT representative suggested that releasing circles within communities might assist some former inmates to integrate successfully. ◆ One NGO representative suggested that creative sentencing options such as on-the-land programs would be more successful than a jail term for the rehabilitation of some offenders.

Public Housing Priority Placements	
PROBLEM	<ul style="list-style-type: none"> Public Housing stock is assigned with the intention of filling units to capacity. A three-bedroom unit will always go to a family with children if a family is on the waiting list. Single persons on the waiting list have a much lower priority, even for bachelor and one-bedroom units of which there are few. As a result, it is very difficult for single men and women to access Public Housing.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> NGOs have suggested that more affordable housing stock is required, including more Public Housing. In greatest need are bachelor and one-bedroom apartments, which are adequate for the needs of many single men and women.⁶ Some GNWT representatives suggested that there is adequate Public Housing stock, but what is needed is a mechanism to ensure that units are distributed according to need. For example, families whose children have moved out are occupying units larger than they now require, but there is no way for the NWTHC to move them to a smaller, more appropriate unit.⁷ Some GNWT and NGO representatives suggested that building basic housing (nothing fancy) would meet the needs of many hard-to-house.⁸

Families with Children

Access to Childcare	
PROBLEM	<ul style="list-style-type: none"> GNWT and NGO interview respondents drew attention to the fact that families in emergency shelters and transitional housing have limited access to adequate childcare. It was stated that many private childcare providers are hesitant to accept clients receiving a childcare subsidy, as reporting requirements are onerous, and there are payment delays. Further, there are few spaces in licensed facilities for infants. As a result, single mothers, in particular, are unable to take employment or attend educational/training programs.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> GNWT and NGO representatives have suggested that childcare within transitional housing facilities would assist those in the facilities to look for employment, or to attend educational and life skills programs. NGOs have suggested increasing the childcare subsidy to income support recipients.

⁶Because of changing demographics, there is presently a greater demand for bachelor and one-bedroom units. The NWTHC is attempting to obtain more bachelor and one-bedroom apartments by disposing of larger, single-family detached units and applying the subsidy dollars to smaller units.

⁷The NWTHC provides guidelines to LHOs for allocating units according to size. In some communities there are no smaller units to move people to. Transferring long-term tenants can be politically contentious and unpopular with advocacy groups.

⁸Basic housing may meet the needs of the hard-to-house. However, the NWTHC notes that the cost to build such units is a small portion of the equation. The cost to operate and maintain any Public Housing unit is prohibitive.

Transitional Housing Bottleneck

PROBLEM	<ul style="list-style-type: none"> ◆ It is relatively difficult to access transitional housing because of lengthy waiting lists. Waiting lists are long because those in transitional housing tend to have a difficult time transitioning to Public Housing or market housing, and also because there are many more families in need of transitional housing than there are units. ◆ Individuals living in transitional housing are eligible for public housing. However, public housing units are allocated on the basis of need. Consequently, individuals living in transitional housing may be on the waiting list longer than those individuals without access to even transitional housing; individuals who are absolutely homeless. ◆ Transitional housing also comes with a system of supports to make clients more successful in everyday matters. Clients may become dependent on these supports, and subsequently, may fail to thrive in Public Housing or market housing where these supports do not exist.
SOLUTIONS SUGGESTED	<ul style="list-style-type: none"> ◆ Respondents have suggested that more transitional housing options should be available, including options for assisted and supported living. In essence, more steps should be added, and gaps filled, to create a more seamless housing continuum. ◆ Some NGO respondents suggested that transitional supports are required in the small communities, as it is better to access supports within one's home community.

YOUTH

Emergency Shelter

PROBLEM	There is no emergency shelter for youth between the ages of 16-19 years old.
SOLUTIONS	<ul style="list-style-type: none"> ◆ Respondents have suggested that there is a need for a youth emergency shelter open 24 hours a day. ◆ One NGO shared the opinion that an adequate facility need only provide a sofa in a safe environment.

Income Support Eligibility

PROBLEM	◆ Eligibility for income support requires that an individual be over the age of 19, with the assumption that those under that age are the responsibility of their families and Child Protection Services. Youth, some with children of their own, do not qualify for income support, despite the fact they may not be residing with their parents.
SOLUTION	◆ Some NGOs suggested that ECE should revisit its policies with respect to Income Support eligibility for youths who do not live with their family.

RECOMMENDATIONS TO IMPROVE THE GNWT RESPONSE

This section provides recommendations for GNWT action. Senior Managers of the Social Programs Departments consider that these recommendations should be discussed with NGO representatives and departments to determine if there is support for further work on their direction.

These recommendations are guided by the following assumptions:

- ◆ There will always be some homeless people who choose not to access support services.
- ◆ Homelessness is caused by a myriad of factors. People who are chronically homeless face many long-standing and hard-to-resolve challenges.
- ◆ GNWT Social Programs Departments would continue to provide the funding for identified programs and services, rather than undertake direct delivery of programs and services related to the homeless.
- ◆ Interested NGOs would be involved with the development of guidelines and other details defining new programs.
- ◆ GNWT Social Program departments will continue their efforts to coordinate their policies, programs and services.

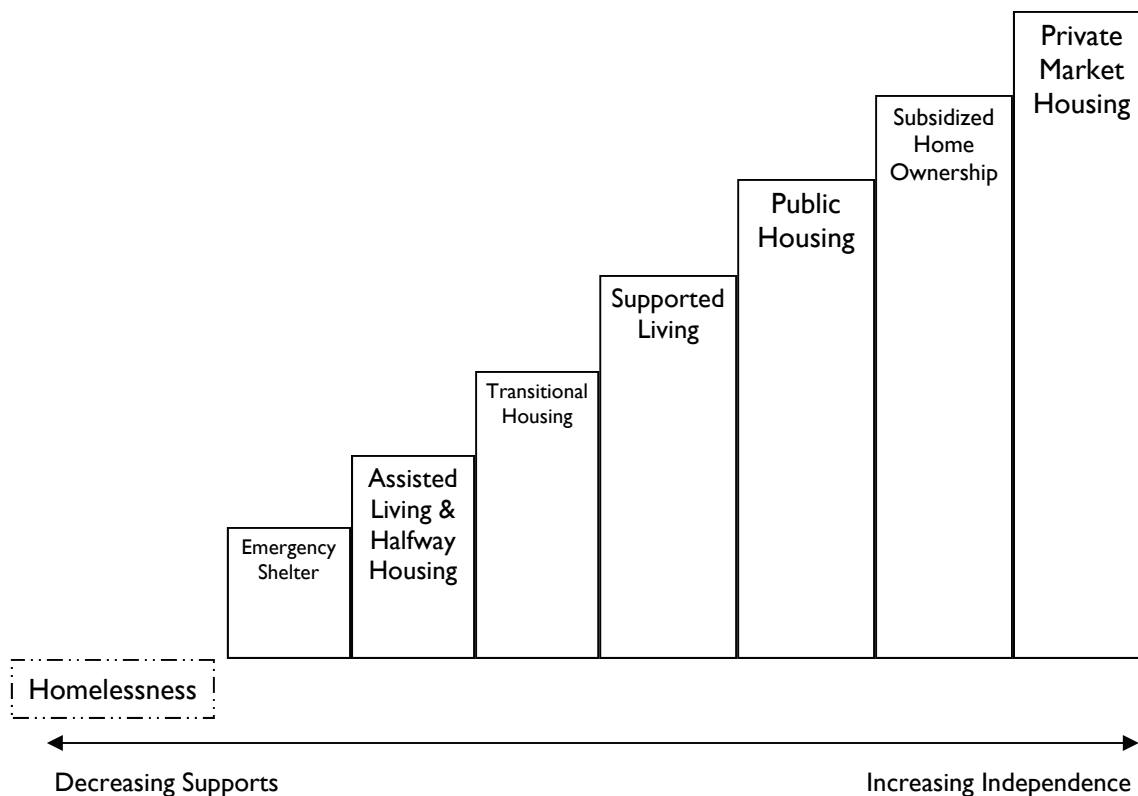
I. Expand the Options in the NWT Housing Continuum

It is recommended that the Social Programs Departments support the efforts of service organizations to provide more options in the housing continuum.

- ◆ A variety of supported and assisted living opportunities (as yet undetermined) from group homes to halfway houses
- ◆ Funded through contracts and contribution agreements with the GNWT
- ◆ Not in GNWT-owned facilities

Costs	Individuals Affected	Other Considerations
◆ Likely to be similar to other group home services supported by the GNWT	◆ These kinds of assisted living services are likely to be located in Yellowknife and regional centres	◆ Likely a HSS roles and responsibility, through the Regional HSS Authorities

Figure 2: Proposed Improvements to the Housing Continuum



To improve the present situation, the housing continuum must include intermediate supports that are both easy to access, and transit out from. Currently, there are five steps in the continuum to market housing:

1. Emergency shelter;
2. Transitional housing;
3. Public Housing;
4. Subsidized Home-Ownership; and
5. Market housing.

While some assisted living options exist, they are few in number. The proposed housing continuum includes seven steps:

1. Emergency shelter;
2. Assisted living (Halfway housing and group homes);
3. Transitional housing;
4. Supported living;
5. Public Housing;
6. Subsidized Home-Ownership; and
7. Market housing.

Characteristics of these steps are described below.

Emergency Shelter

Emergency shelter is the first step on the housing continuum. Separate facilities must be available for the three groups of homeless: single men and women, families with children, and youth. This type of shelter is intended for the short-term, as an immediate support when an individual has become homeless.

Assisted Living (including Halfway Houses and Group Homes)

This is the second step on the housing continuum, and a new step between emergency shelter and transitional housing. Assisted Living facilities / Halfway Houses and / or Group Homes could accept individuals with mental health challenges, including those recovering from addictions. These kinds of housing arrangements can provide structure and supports for their clients. Individuals who reside in these facilities may be expected to progress to a stage of more independent living or they may require this type of assistance indefinitely.

Transitional Housing

This is the third step in the proposed housing continuum. Individuals who are homeless for reasons other than mental health or addictions issues may access this step directly from an emergency shelter. Existing transitional housing exists for families with children in Yellowknife. Waiting lists demonstrate that there is demand for more transitional housing.

Supported Living

This is the fourth step in the proposed housing continuum. At present, supported living exists in Yellowknife through the YWCA, but only for those with physical or minor cognitive disabilities. Support may be in the form of scheduled or random drop-in visits from a caseworker or mentor, and the frequency depends on the client's needs. Those who require supported living have a permanent residence that may be either Public Housing or a private residence. Supports are offered so that the individual or family can be successful in their living arrangement. In some cases, support may only be required for a short time while the recipient becomes independent. In other cases, support may be required for life.

Public Housing

The NWT HC and its Local Housing Organizations (LHO) own Public Housing in all NWT communities. Houses and apartments are rented to those who qualify according to an income-test. ECE sets public housing rent subsidies, while the LHOs will continue to have responsibility for the allocation of units and maintenance of the housing stock. The rental rate subsidy provided to clients is the only support that differs from the private rental market.

Subsidized Home-Ownership

The NWT HC offers several programs to assist eligible NWT residents to obtain a private home:

- ◆ The Expanded Downpayment Assistance Program provides clients with a downpayment to build or purchase a home;
- ◆ The Independent Housing Program provides assistance in the form of a subsidized loan towards the cost of purchasing and/or repairing a house. A portion of the loan is repayable based on income while the remainder is forgiven;

- ◆ The Loan Guarantee Program offers banks and other financial institutions a loan guarantee on behalf of a client for the purchase, building or repair of a private house “on land set aside for Indian use”; and
- ◆ The Sale of Public Housing Initiative encourages home ownership by providing long-term public housing tenants with an opportunity to purchase their unit.

Private Market Housing

This is the final destination of the housing continuum and independent living.

2. Support New Programs for Homeless Individuals including those with Mental Health and Addictions Challenges

It is recommended that NGOs and the Social Programs Departments consider the needs and opportunities for new supports to be developed and used. This includes research and other activities that could prevent or minimize the number of individuals and families becoming homeless. These activities would focus, as a priority, on those with mental health issues and/or addictions.

- ◆ Some adaptations specifically to the needs of the homeless could be undertaken to the Income Support program, the Emergency Shelter program, or to support the clients services of the NGOs.

Costs	Individuals Affected	Other Considerations
<ul style="list-style-type: none"> ◆ Costs have not been determined ◆ New funding would be required. 	<ul style="list-style-type: none"> ◆ Likely to be relevant to residents in Yellowknife and regional centres. 	

3. Support Youth Overnight Programs at Youth Centres

It is recommended that GNWT Social Programs Departments fund NGOs to operate overnight programs at youth centres, where there is a demonstrated need and community support.

- ◆ Seasonal programming – winter only
- ◆ Not emergency shelter – not beds, but sofas and TVs etc.
- ◆ Not for youth under 16 years of age

Costs	Individuals Affected	Other Considerations
<ul style="list-style-type: none"> ◆ Additional staffing costs 	<ul style="list-style-type: none"> ◆ Likely a demonstrated need now in Yellowknife, Inuvik and Hay River 	

4. Undertake Better Release Planning

It is recommended that release planning for inmates be improved.

- ◆ NGOs (such as the John Howard Society) need to be involved in release planning meetings;
- ◆ Scheduling Income Support meetings prior to release;
- ◆ Consideration should also be given to improving release planning from Stanton Territorial Hospital, when a patient to be released is facing housing challenges.

Costs	Individuals Affected	Other Considerations
◆ New funding is not likely needed	◆ Individuals from all communities who are in Correctional facilities	◆ Needs to be connected to the recommendation to Expand Options in the Housing Continuum.

5. Improve Understanding of Public Housing Eligibility Requirements.

It is recommended that the current policies of the NWTHC be better-explained and communicated to NGOs involved in providing support to those in transitional housing. Residents of transitional housing are eligible for Public Housing. However, residents of transitional housing have to meet the same requirements as all other applicants for Public Housing. It is clear from interviews that some NGOs do not fully understand the NWTHC's current policies.

Costs	Individuals Affected	Other Considerations
◆ None	◆ NGOs and the 34 families in transitional housing in Yellowknife.	◆ May need to consider how to give those in transitional housing a higher priority for Public Housing.

6. Support Childcare Programs at Transitional Housing

It is recommended that transitional housing operators provide subsidized childcare programs for clients.

Costs	Individuals Affected	Other Considerations
<ul style="list-style-type: none"> ◆ Approximately \$50K/year per daycare facility for staffing costs. ◆ Higher insurance premiums. ◆ Facility alteration costs may be necessary. 	◆ 39 families with children at the YWCA's transitional housing facility in Yellowknife.	◆ The disadvantages of increasing the client's reliance on transitional housing should be considered.

IMPACT OF RECOMMENDATIONS ON SMALL COMMUNITIES

The recommendations made in this report focus on northerners who are without shelter, and those who reside in emergency shelter or transitional housing. Some of this report's recommendations are intended to improve support for service providers, all of whom operate within regional centres, at present.

This report is unable to focus on homelessness in small communities, which, as mentioned earlier, may show up as overcrowding, 'couch-surfing', and moving to regional centres in search of services.

The Next Steps for the government's response to homelessness in the NWT includes examining the issue in small communities to determine feasible solutions.

Next Steps

Follow up on this report:

- ◆ Circulate this report and listen to feedback about the recommendations from MLAs, NGOs and departmental and Authorities representatives.
- ◆ Meet with NGO representatives to identify the immediate priorities for action prior to the onset of winter.
- ◆ Identify the follow-up work for Ministers' approval. After that review, detailed budget and program planning and analysis can be undertaken for each recommendation.

Regional Centres:

- ◆ Identify other "Homelessness" projects, such as modifying the Housing Needs Survey to improve the count of homelessness.

Smaller Communities:

- ◆ Modifying the Housing Needs Survey to capture couch-surfing within smaller communities, etc.
- ◆ Communicate to NWT communities, Housing Authorities, and Health and Social Services Authorities that emergency funding is available for winter homelessness issues.

Appendices

I. Acronyms

CMHC	Canada Mortgage and Housing
CPS	Child Protection Services
ECE	Education, Culture & Employment (Department of)
EPO	Emergency Protection Order
FASD	Fetal Alcohol Spectrum Disorder
GNWT	Government of the Northwest Territories
HSS	Health and Social Services (Department of)
HSSA	Health and Social Services Authority
HRDSC	Human Resources & Skills Development Canada
IHP	Independent Housing Program
LHO	Local Housing Organization
MACA	Municipal and Community Affairs (Department of)
NGO	Non-Governmental Organization
NHI	National Homelessness Initiative
NSCC	North Slave Correctional Centre
NWTHC	Northwest Territories Housing Corporation
PAFVA	Protection Against Family Violence Act
RCMP	Royal Canadian Mounted Police
SCPI	Supporting Communities Partnership Initiative (Canada)
SMCC	South Mackenzie Correctional Centre
UAH	Urban Aboriginal Homelessness (Canada)
YHSSA	Yellowknife Health and Social Services Authority
YWCA	Young Women's Christian Association

2. Interview / Workshop Participants

The following is a list of all individuals interviewed as part of this report. Italicized names are the individuals who attended one of two workshops held in Yellowknife in early June 2005.

GNWT

<i>David Waite</i>	ECE	Regional Superintendent
<i>Natasha Harris*</i>	ECE	Compliance Auditor
<i>Larry Jones</i>	NWTHC, North Slave	District Manager
Franklin Carpenter	NWTHC, Inuvik	District Director
Tom Makepeace	NWTHC, Hay River	District Director
Les Harrison	YHSSA	Director, Social Programs
<i>Heather Fikowski*</i>	YHSSA	Mental Health Social Worker
Sonny Kristensen	YHSSA	Manager, Mental Health Services
Pat Witty	YHSSA	Clinical Coordinator, Mental Health Services
<i>Shirley Wilkinson*</i>	YHSSA	Supervisor, Family Services
Lynn Foley	YHSSA	Special Needs Coordinator, New Horizons Centre
Keith Marhsall	Hay River HSSA	Director, Community & Allied Services
Jessica Carrier	Hay River HSSA	Manager, Community Counselling Services
Angela Jacobs	Hay River HSSA	Coordinator, Family Support Programs
Gerry Uswak	Inuvik HSSA	CEO
<i>Orrell Sheets</i>	Justice, NSCC	Warden
Guy LeBlanc	Justice, NSCC	Deputy Warden
Tom Hamilton	Justice, SMCC	Warden

NGO

<i>Kerry King*</i>	Centre for Northern Families
Arlene Hache	Centre for Northern Families
Crystal Ball	Family Support Centre (Hay River Women's Shelter)
Rev. Bill Bridal	Hay River Pentecostal Chapel
Yoenne Ewald	Inuvik Interagency Committee
Anne Kasook	Inuvik Transition House (Women's Shelter)
<i>Lydia Bardak</i>	John Howard Society
Bobbi Bulmer	North Slave Housing Corp
Cecily Hewitt	NWT Council of Persons with Disabilities
<i>Major Karen Hoeft</i>	Salvation Army
Ryan Peters	Side Door Youth Centre
Rev. Haydn Schofield	St. Andrews Anglican Church, Hay River
Diane Hrstic	Tree of Peace
Shona Barbour	Turning Point (Nihtat Gwich'in Council)
Leanne Shaw	Turning Point (Nihtat Gwich'in Council)
Gerry Cheezie	Yellowknives Dene First Nation Housing
Lyda Fuller	YWCA
Kate Tymstra	YWCA
<i>Kate Wilson</i>	YWCA, Rockhill (Emergency and Transitional Housing)
Lisa Quinlan	YWCA, Alison McAteer (Women's Shelter)

Other

David Devana	City of Yellowknife	Director, Corporate Services
Diana Ehman	Town of Hay River	Mayor
Ron Cook	Town of Hay River	Councilor
Insp. Roch Fortin	RCMP	
Susan Ashton	Former Manager (consultant) Stanton Psychiatry Unit	

* Attended workshop, but not interviewed.

3. Project Terms of Reference

Background

The Department of Health and Social Services is undertaking several projects over the next 2 years to identify recommendations to improve the GNWT's response to homelessness issues.

The department will undertake these projects with the collaboration of NGO's, municipal governments, and GNWT Departments and Authorities. The Ministers of the Social Programs Departments have supported the first project, which is described below.

"Homeless", for this project means men, women, youth and/or families living temporarily at emergency shelters or in government-sponsored transitional housing.

Additional projects will be identified later in 2005.

Deliverables for the First Project

The Department proposes to prepare a report, which will include:

- ◆ A glossary of basic definitions and terms related to homelessness
- ◆ An overview of NWT homelessness
- ◆ A review of relevant roles and policies of provincial governments
- ◆ A descriptive summary of the programs and services for the homeless, which are delivered by NGOs and municipal governments
- ◆ A description of GNWT programs and services related to homelessness, including their purpose and objectives
- ◆ A description of relevant federal programs related to homelessness
- ◆ The identification of gaps and conflicts between existing GNWT programs and services for the homeless
- ◆ A description of the major issues and challenges related to homelessness in the NWT
- ◆ Recommended GNWT actions (and their implications) to improve the GNWT's response to homelessness issues.
- ◆ Next Steps / Implementation Planning

Stakeholder Involvement for the First Project

The Department will actively engage stakeholders in this project, including the NGOs that operate programs and services to aid the homeless, the municipal governments of Yellowknife, Inuvik and Hay River, and GNWT Departments and Authorities with responsibility for related programs and services.

The Department wishes to gain a thorough understanding of the programs and services that assist the NWT's homeless, and to identify opportunities to improve the GNWT's approach to homelessness issues.

Schedule for the First Project

This project will begin in May 2005. The report is expected to be ready for review by GNWT Deputy Ministers in September 2005.

4. Stakeholder Questions: GNWT Representatives

The information provided in this interview will be attributed, with the exception of responses given to question #2.

1. Which departmental programs and services are connected to the needs of the homeless?
(Can you provide the program name, purpose & objectives, a brief description of the program, budget/funding for previous fiscal year, type of clients served, and number of clients assisted)
2. Where have you run into overlaps, confusion or conflicts between GNWT programs related to services for the homeless?
3. What do you think are the most important changes that could be made that would improve the programs and services related to the homeless?
4. Do you have any other suggestions/information on the GNWT approach to homelessness that you would like to share?

5. Stakeholder Questions: NGO representatives

The information provided in this interview will be attributed, with the exception of responses given to question #4.

5. What programs or services does your organization run to assist the homeless? Specifically, program name; brief description of program; budget/funding for previous fiscal year; type of clients; number of clients.
6. How does the GNWT support your programs and services?
7. Do your clients also receive significant services from other agencies? If so, which agencies?
8. Where have you run into gaps, overlaps, confusion or conflicts between GNWT programs related to the services for the homeless?
9. What do you think are the most important changes that could be made to improve the GNWT approach to homelessness?
10. Can you identify other people we should talk with?
11. Do you have any other suggestions, information about the GNWT approach to homelessness that you would like to share?

ATTACHMENT 3

COST OF LIVING FRAMEWORK AND DESCRIPTION OF GNWT PROGRAMS

A. INTRODUCTION

The economic cost of living in NWT communities is high. This is true of both large and small communities. In large communities the cost of living is often driven up by high shelter costs (i.e. land development prices) and high ground transportation costs due to long haul distances or seasonal transportation interruptions. In smaller communities, the cost of living is largely driven by the high cost of groceries and dry goods caused by high ground and air transportation costs and significant handling costs, high energy costs and the lack of developed markets and competition. High costs are particularly problematic where employment levels and family incomes are low.

The GNWT has attempted to address issues associated with the cost of living in NWT communities by direct subsidy programs such as the Territorial Power Support Program, the Water/Sewer Subsidy program and the fuel pricing policies of the POL Revolving Fund. It has also provided income support assistance through NWT Housing Corporation rental rates, direct income support, senior fuel subsidy programs, and a host of other income support type programs. The GNWT has also maintained small community property tax and land lease costs at low levels. In addition, the GNWT has undertaken a variety of programs to address factors that contribute to the high cost of living.

This paper provides an overview of the framework for the approach of the GNWT to addressing the cost of living in the Northwest Territories and the associated programs. The next section provides context related to NWT cost of living differences, while the third section provides the framework by which cost of living issues for the Northwest Territories are considered. The final section provides a summary of subsidies currently provided by the GNWT to reduce the cost of living and a description of GNWT programs that address the factors that impact on cost of living.

B. CONTEXT FOR COST OF LIVING DIFFERENCES

In order to assess issues and GNWT programs associated with the cost of living in the Northwest Territories, it is important to first provide some context. This section provides information on spending differences between NWT communities and the rest of Canada. Further information is also provided on differences within communities for shelter costs.

In addition to how much residents spend on various items, information is also provided on the components that make up cost of living. Specifically, in considering what someone spends on particular items:

$$\text{Cost} = \text{Price} \times \text{Quantity Purchased}$$

Information is provided on price differences between communities and on factors that affect the quantity used.

i) Overall Differences in Cost of Living

Many factors impact household spending patterns including individual choice, income level, household composition and price differences. Within that context, Table I provides average spending by territorial households for various components of household expenditures compared with Canada.

Table I
Average Amount Spent by Households with Expenses, by Component
Canada and Northwest Territories, 2003

	Canada	NWT	Yellow -knife	Rest of Comms.
Total expenditure	61,152	77,073	90,139	66,090
Total current consumption	43,755	55,801	64,293	48,663
Food	6,791	8,893	8,817	8,957
Food purchased from stores	5,272	7,252	6,813	7,621
Food purchased from restaurants	1,570	1,759	2,081	1,473
Shelter	11,596	14,425	19,051	10,525
Principal accommodation	10,932	13,531	17,863	9,825
Rented living quarters	7,067	9,211	11,159	6,794
Owned living quarters	9,478	11,892	15,408	8,636
Water, fuel and electricity	2,269	3,614	4,102	3,228
Water and sewage	538	833	1,056	662
Fuel (eg. oil, gas, etc.)	1,250	1,955	2,062	1,853
Electricity	1,233	1,624	1,758	1,520
Other accommodation	1,533	1,779	1,901	1,656
Household operation	2,871	3,541	3,880	3,254
Household furnishings & equip.	1,863	2,393	2,684	2,140
Clothing	2,458	3,224	3,720	2,802
Transportation	8,512	10,623	11,529	9,795
Health care	1,634	1,132	1,456	847
Personal care	840	1,065	1,267	892
Recreation	3,665	6,350	6,912	5,857
Reading & other printed matter	337	412	472	358
Education	2,265	1,240	1,556	836
Tobacco products & alcohol	1,758	3,329	3,131	3,489
Games of chance (net)	368	861	400	1,215
Miscellaneous expenditures	1,002	1,041	1,243	841
End of total current consumption				
Personal taxes	13,467	15,469	18,391	12,858
Personal insurance payments and pension contributions	4,318	5,106	5,780	4,502
Gifts of money and contributions	2,081	2,734	2,858	2,598

Note: Categories do not add as they reflect the average for only those households that spent money for a particular category.
Source: 2003 Survey of Household Spending, Statistics Canada

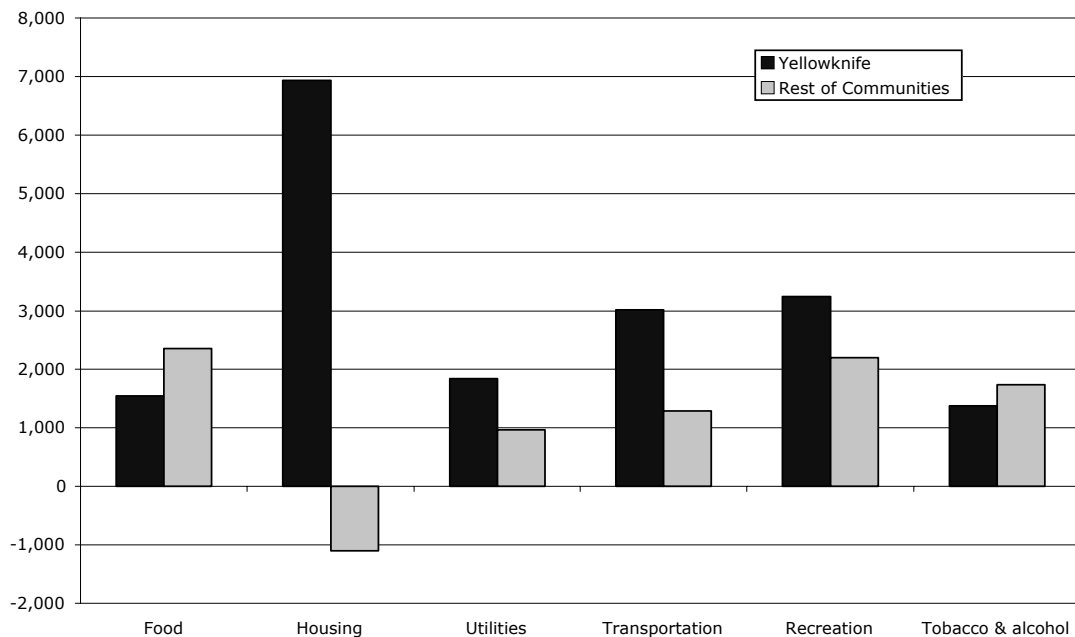
In the Northwest Territories, some 18.7% of overall household expenditures are for shelter, which includes the 4.1% of expenditures that go towards utilities for water, fuel and electricity. Personal taxes comprise 19.0% of total household expenditures, while expenditures for transportation represent 12.9% of household expenditures. The other major expenditure category is food, which comprises 11.5% of expenditures for territorial households.

Table I should be interpreted with some caution. The values reported are the average expenditures for various components for households with that type of expenditure. While this is not significant for components where all households have expenditures, like food, it does impact components like education where less than half of households reported any expenditure. Another example is for rented dwelling compared with owned dwellings. The advantage of the approach used is that it provides a better reflection of cost differences.

There are substantial differences between territorial expenditures for some components compared with Canada. Further, there are differences when you look at Yellowknife compared with the household expenditures for households in the rest of NWT communities.

Figure 1 highlights the difference between Canada and NWT communities for major components.

Figure 1
Difference from Canadian Averages, for Selected Components
Northwest Territories, 2003

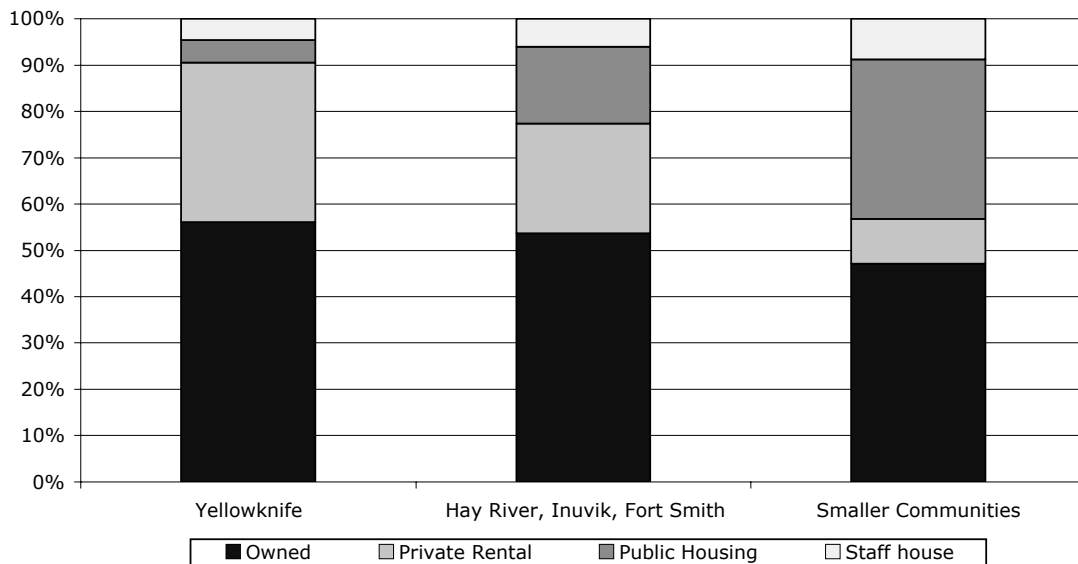


It is clear that for Yellowknife, shelter costs are the largest source of expenditure differences with the rest of Canada. Transportation expenditures, including inter-city travel, and recreation expenditures, including spending on snowmobiles, boats and ATV's, are also significantly higher in Yellowknife compared with Canada.

Data on household spending can only be reported by Statistics Canada for Yellowknife and for other NWT communities. In these other centers, the largest spending difference is for food, which reflects the high food costs in some communities. Recreation items, including spending on snowmobiles, boats and ATV's, and spending on tobacco and alcohol were the other components where the largest difference exist between other NWT communities and Canada.

In other NWT communities, average spending on shelter was lower than for Canada. This, however, likely reflects the difference in costs depending on housing tenure. Figure 2 describes the distribution of housing tenure by community type. Rates of home ownership are similar by community type. The type of rental units varies significantly by community type.

Figure 2
Distribution of Housing Tenure, by Community Type
Northwest Territories, 2004



In Yellowknife, some 34.4% of all dwellings are private rentals, while public housing units and staff housing are less than 5.0% of total households. In the regional centers of Hay River, Inuvik and Fort Smith, 23.7% of households are private rentals, while 16.5% are public housing units and 6.1% are staff housing. In smaller NWT communities, private market rentals represent 9.7% of all households. Public housing rentals are 34.3% of households and staff housing is 8.8% of households.

These differences in the distribution of housing type certainly impact overall shelter costs experienced in a community. Table 2 provides the distribution of shelter costs by community type and housing tenure. Overall some 43.6% of households in Yellowknife pay more than \$18,000 per year in shelter costs. This percentage is much higher for owned dwellings at 60.4%, while residents of 24.5% of private market rentals and 22.2% of staff houses pay more than \$18,000 per year in shelter costs. Less than 4% of residents of public housing pay this amount in Yellowknife. In fact, 57.2% of residents of public housing units pay less than \$6,000 per year in shelter costs.

For the regional centers of Hay River, Inuvik and Fort Smith the percentage of households paying more than \$18,000 in shelter costs was 16.1%. Again, owned dwellings and private market rentals were most likely to be in this category. Some 79.1% of public housing residents in these communities had less than \$6,000 in shelter expenses on an annual basis.

For smaller NWT communities, an estimated 5.0% of households spent \$18,000 or more on shelter. This was most common in owned dwellings and private market rentals. For residents of public housing, 83.7% had less than \$6,000 in annual shelter costs.

*Table 2
Percent Distribution of Annual Shelter Costs, by Housing Tenure
Northwest Territories, 2004*

	Total	Owned	Private Rental	Public Housing	Staff House
<u>Yellowknife</u>					
All Households	100.0	100.0	100.0	100.0	100.0
<\$1,200	0.9	0.5	0.7	3.6	5.6
\$1,200-\$5,999	4.4	1.4	3.0	53.6	0.0
\$6,000-\$11,999	14.7	15.0	12.6	24.8	16.7
\$12,000-\$17,999	36.4	22.7	59.3	14.2	55.6
\$18,000 or more	43.6	60.4	24.5	3.6	22.2
<u>Hay River, Inuvik, Fort Smith</u>					
All Households	100.0	100.0	100.0	100.0	100.0
<\$1,200	5.0	0.7	0.6	24.4	7.5
\$1,200-\$5,999	20.9	16.3	7.0	54.5	25.4
\$6,000-\$11,999	26.1	28.4	24.3	16.0	40.8
\$12,000-\$17,999	31.9	34.3	48.5	5.1	18.4
\$18,000 or more	16.1	20.4	19.5	0.0	8.0
<u>Smaller Communities</u>					
All Households	100.0	100.0	100.0	100.0	100.0
<\$1,200	20.0	3.6	5.9	47.3	17.5
\$1,200-\$5,999	31.0	32.7	14.9	36.4	18.5
\$6,000-\$11,999	30.1	39.8	32.7	13.0	42.0
\$12,000-\$17,999	13.9	15.9	38.6	3.2	17.8
\$18,000 or more	5.0	8.1	7.8	0.1	4.2

Source: 2004 NWT Community Survey, NWT Bureau of Statistics

ii) Price Differences Between Communities

In the previous section some differences in the cost of living were presented among communities in the Northwest Territories. As was noted earlier, cost is comprised of two components, the differences in prices between places and the amount of particular goods or services that are consumed. In this section some information on price differences is presented.

According to a 2005 study completed by the Alberta Bureau of Statistics in cooperation with the NWT Bureau of Statistics, the overall spatial price index between Yellowknife and Edmonton was 124.7, which indicates that, overall, prices in Yellowknife were 24.7% higher than in Edmonton. The largest difference was seen for shelter at 37.0% higher prices in Yellowknife. Other major components of interest show much lower differences between Yellowknife and Edmonton prices. For example, higher prices were found in Yellowknife for food at 10.4%, transportation at 3.1%, clothing at 0.4%, household supplies at 3.3%, household equipment at 11.5% and household services at 14.5%.

The 2004 community price survey in 2004 showed that food prices varied significantly within the Northwest Territories. Table 3 provides these values compared with Yellowknife and then, using the results of the Edmonton-Yellowknife spatial price data, between communities and Edmonton.

For the most part, communities in the Beaufort-Delta and Sahtu regions had the most significant differences in prices compared to Yellowknife. Most communities in these regions had food prices that were more than double Edmonton prices.

*Table 3
Food Price Indexes, by Community
Northwest Territories, 2004*

	YK=100	EDM=100		YK=100	EDM=100
Beaufort-Delta Area					
Aklavik	183	202			
Fort McPherson	163	180			
Holman	188	207			
Inuvik	140	155			
Paulatuk	222	244			
Sachs Harbour	197	218			
Tsiigehtchic	153	169			
Tuktoyaktuk	206	228			
Sahtu Area					
Colville Lake	186	205			
Deline	191	211			
Fort Good Hope	191	210			
Norman Wells	187	206			
Tulita	190	210			
Deh Cho Area					
Fort Liard	135	149			
Fort Providence	126	138			
Fort Simpson	142	157			
Hay River Reserve	107	118			
Jean Marie River			
Nahanni Butte	169	187			
Trout Lake	166	183			
Wrigley	175	193			
South Slave Area					
Enterprise			109	121	
Fort Resolution			131	145	
Fort Smith			113	124	
Hay River			113	125	
Lutselk'e			175	193	
North Slave Area					
Gamèti			153	169	
Behchokö			137	151	
Wekweèti			170	188	
Whati			153	168	
Yellowknife			..	110	

For other regions in the NWT, communities display some differences, but food prices in most are about 10% to 40% higher than in Yellowknife. More extreme price differences are noted for smaller communities like Nahanni Butte, Wrigley and Wekweèti.

Other non-food items included in the survey such as health & personal care items and items for household operations also indicate substantial differences from Yellowknife. Table 4 provides this information. For most communities the difference in prices with Yellowknife is in the range of 30% to 70% higher.

Table 4
Non-Food Price Indexes, by Community
Northwest Territories, 2001

	YK=100		YK=100
Beaufort-Delta Area			
Aklavik	158		
Fort McPherson	143		
Holman	174		
Inuvik	155		
Paulatuk	169		
Sachs Harbour	202		
Tsiigehtchic	143		
Tuktoyaktuk	155		
Sahtu Area			
Colville Lake	189		
Deline	161		
Fort Good Hope	163		
Norman Wells	152		
Tulita	152		
Deh Cho Area			
Fort Liard	129		
Fort Providence	132		
Fort Simpson	145		
Hay River Reserve	119		
Jean Marie River	154		
Nahanni Butte	159		
Trout Lake	166		
Wrigley	175		
South Slave Area			
Enterprise		123	
Fort Resolution		139	
Fort Smith		131	
Hay River		126	
Lutsel'k'e		185	
North Slave Area			
Gamëti		140	
Behchokö		139	
Wekweëti		165	
Whati		138	

iii) Consumption

While prices clearly vary by community, other factors affecting consumption also vary by community. Overall cost of living is impacted by both price differences and by these other factors that can influence consumptions. For example climate, household size, and household income are all factors that influence consumption levels by households.

Table 5 provides information on degree-days below 18° Celsius. This measure reflects differing climate conditions throughout the NWT that influence fuel consumption levels.

*Table 5
Degree Days Below 18° Celsius for Selected NWT Communities*

Degree Days		Degree Days	
Fort Liard	7,044.8	Norman Wells	8,614.9
Fort Simpson	7,771.5	Reliance	8,946.4
Fort Smith	7,438.9	Sachs Harbour	11,442.0
Hay River	7,647.5	Yellowknife	8,256.0
Inuvik	9,766.9		

Table 6 provides information on average monthly electricity consumption in selected NWT communities for the past five years. This table shows that while consumption levels vary between communities, most fall in the range of 450-750 kWh per month.

*Table 6
Average Monthly Household Electricity Consumption (kWh/month) for Selected NWT Communities*

	2000/01	2001/02	2002/03	2003/04	2004/05
Aklavik	435.0	426.7	463.6	451.9	459.4
Fort McPherson	432.2	434.4	469.0	482.6	468.0
Holman	342.1	380.3	419.4	444.0	446.7
Inuvik	526.9	516.0	583.6	583.4	564.4
Paulatuk	516.1	515.2	537.1	518.8	524.4
Sachs Harbour	331.4	371.4	434.3	436.4	424.1
Tsiigehtchic	401.8	433.8	424.6	442.7	417.4
Tuktoyaktuk	484.4	471.2	540.6	548.7	540.7
Colville Lake	238.5	392.8	306.4	353.1	362.0
Deline	436.2	454.5	439.8	483.2	471.6
Fort Good Hope	467.9	474.6	499.3	516.9	531.8
Norman Wells	602.3	629.1	606.6	624.2	655.5
Tulita	469.7	475.8	490.7	508.2	528.5
Fort Liard	500.6	523.9	512.6	512.8	493.2
Fort Simpson	499.0	486.4	510.5	516.3	493.2
Jean Marie River	417.6	403.8	489.8	508.3	450.3
Nahanni Butte	328.3	337.5	332.1	338.3	376.3
Wrigley	477.7	486.8	473.3	455.3	444.0
Fort Resolution	531.4	546.0	574.2	553.5	1141.4
Fort Smith	830.0	866.7	880.5	870.2	872.7
Lutselk'e	480.8	492.3	550.2	530.7	526.2
Dettah	590.2	584.8	579.9	588.6	595.3
Behchokö	655.6	644.4	682.7	616.7	746.1
Gamèti	438.5	461.6	483.6	462.1	484.2
Whati	541.6	525.7	552.3	557.6	559.0
Yellowknife	746.6	752.6	769.0	743.8	746.8

Information on household size and average household income from the 2001 census is provided in Table 6. It is apparent that many smaller NWT communities have both larger household and lower incomes compared to regional centers.

*Table 7
Persons per Household and Average Household Income, by Community
Northwest Territories, 2001*

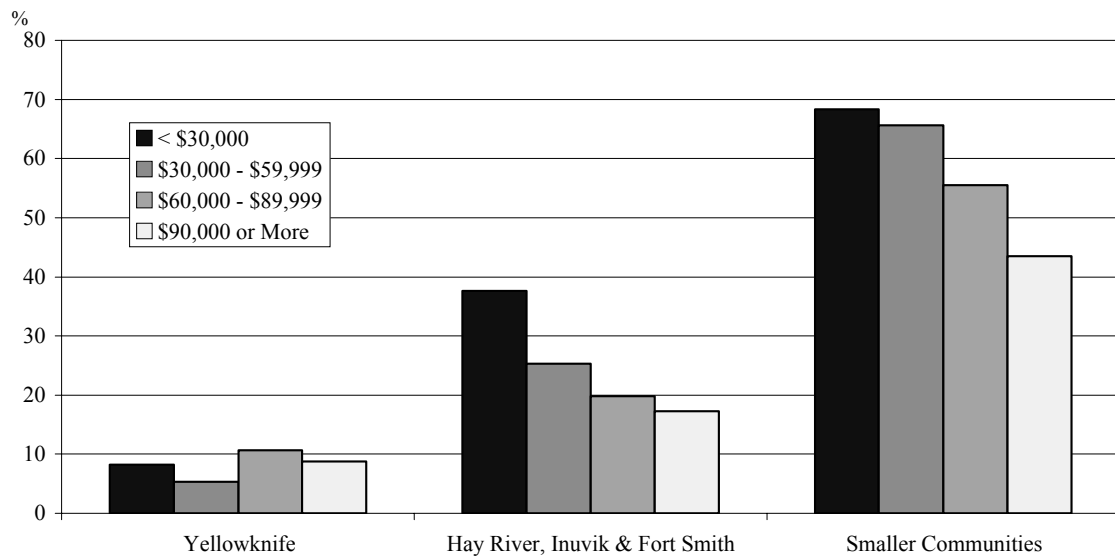
	Persons per Household	Average Household Income
Northwest Territories	2.9	71,422
Beaufort Delta		
Aklavik	2.8	37,856
Fort McPherson	3.2	42,156
Holman	3.0	36,296
Inuvik	2.8	70,770
Paulatuk	4.1	48,781
Sachs Harbour	3.1	-
Tsiigehtchic	3.3	-
Tuktoyaktuk	3.4	43,390
Sahtu		
Colville Lake	4.0	-
Deline	3.4	42,254
Fort Good Hope	3.5	51,461
Norman Wells	2.4	77,925
Tulita	3.6	48,509
Deh Cho		
Fort Liard	3.3	58,161
Fort Providence	3.3	41,267
Fort Simpson	2.8	61,566
Hay River Reserve	3.5	41,920
Jean Marie River	2.5	-
Nahanni Butte	-	-
Trout Lake	2.8	-
Wrigley	3.0	-
South Slave		
Enterprise	2.4	-
Fort Resolution	2.7	38,685
Fort Smith	2.6	63,028
Hay River	2.8	69,825
Kakisa	2.7	-
Lutselk'e	3.6	-
North Slave		
Detah	3.6	-
Gamèti	3.9	51,311
Behchokö	3.9	47,467
Wekweèti	3.6	-
Whati	4.5	56,997
Yellowknife	2.8	87,143

Note: A - is for information suppressed to protect confidentiality

Source: Statistics Canada

An additional factor that impacts spending on food in the Northwest Territories is the use of harvested meat and fish by NWT households. Figure 3 provides information on the percentage of households that obtain over half of their meat and fish through harvesting.

Figure 3
Percentage of Households Obtaining Half or More of their Meat and Fish Through Harvesting
Northwest Territories, 2004



Overall, some 61% of households in smaller NWT communities obtain half or more of their meat and fish through harvesting. While this value is high for all groups, it is higher for lower income households. In regional centers such as Hay River, Inuvik and Fort Smith some 23% of households get half or more of their meat and fish through harvesting. Lower income households in these communities also use harvested meat and fish more extensively. Overall about 8% of households in Yellowknife obtain half or more of their meat and fish through harvesting.

C. OVERVIEW OF APPROACH TO GETTING THE ECONOMIC COST OF LIVING DOWN

The fundamental goal respecting the NWT cost of living should be to reduce the actual economic cost of basic necessities such as shelter, food, and clothing in our communities. An equally important objective should be to reduce the cost of providing government services, since these services must be funded through the taxation system. High cost of government services means higher taxation and thus higher cost of living and lower disposable income available to residents.

Subsidizing the cost of living, which is a redistributive approach to the problem, may be a necessary interim measure but will not be sustainable or equitable in the long run. This is true for a number of reasons:

- a. all NWT residents face a relatively high cost of living, albeit often for different economic reasons (e.g. shelter in Yellowknife, store-bought food in small communities),
- b. the absolute numbers of low income families versus high income families are comparable (e.g. there are not enough high income earners to subsidize the large number of poor without placing a massive tax burden on high income earners),
- c. the NWT tax system must remain competitive or drive income and investment south (e.g. the NWT's largest trading partner is resource rich Alberta so it must keep its tax burden relatively competitive to Alberta)

If our long term goal is to fundamentally alter the cost structure of living in NWT communities there are some basic issues that must be tackled.

i) Energy and Utility Costs

The economic costs of supplying electricity, fuel, and other utility (e.g. water/sewer) services to NWT communities are high, particularly in small isolated communities where economies of scale cannot easily be achieved. The GNWT currently subsidizes these costs heavily in many communities but its subsidies are not consistently designed and targeted. The long term goal should be to find ways to capture greater economies of scale, to find more efficient ways of generating and using energy and other utilities, and to improve consumption efficiency. One additional approach is to “piggy-back” public energy supply onto large industrial developments whereby a large part of the front-end generation and distribution costs are paid for by industrial developments for export markets. This is how many of the existing hydro-electric systems in the NWT were initially financed (e.g. Talston Hydro-electric dam and Pine Point Mine, Snare River and Bluefish Hydro-electric dams and the YK gold mines). Opportunities for such “piggy-backing” exist with respect to the provision of hydro-electric power to a Mackenzie Valley Gas Pipeline from the Bear River, expansion of the Taltson system to provide power to NWT diamond mines, and the potential for community access to natural gas from the Mackenzie Valley Pipeline.

It is also worth exploring the cost-benefit of efficient co-generation approaches whereby electricity and heating requirements are both met from one generation source. Small scale hydro and other alternate energy approaches may also be more cost effective in the future than current generation approaches. Front end investments in more energy efficient homes and appliances can also reduce consumption and cost as long as the fixed cost of generation and distribution capacity can be reduced.

With respect to water/sewer services, community size and distances between communities limits the options for capturing significant economies of scale, however, more efficient water treatment and distribution technology and practices may have some potential for lowering economic costs. Currently these services are highly subsidized by the GNWT in most communities.

It is worth noting that not all the costs of subsidization have to be borne by government. Often the government does choose to deal with cost of living subsidization by redistributing wealth (i.e. taxing high income earners more and using these tax revenues to subsidize lower income earners or consumers faced with higher costs). However, through energy and utility price regulation the government can introduce direct cross-subsidization among a group of consumers. This is possible through setting one blended rate throughout the territory for any particular energy or utility commodity.

ii) Transportation Costs

The heavy reliance on imports, long distances from suppliers and between NWT communities, the lack of all season surface access to many communities, the small volumes of freight required by small communities and the lack of competition in transportation services to small NWT communities drives up transportation costs.

Reducing reliance on imported goods would only reduce cost of living if the savings in transportation costs were not offset by higher NWT manufacturing costs. To date there have been few examples where manufacturing in the NWT can compete with southern imports without government subsidies. This does not mean that such approaches should not be pursued, but caution should be exercised so that the government does not encourage manufacturing operations that cannot compete on basic economic grounds.

The long distance between import markets and NWT communities is a geographical fact that cannot be changed. However, improved surface access can reduce costs in NWT communities by reducing reliance on expensive air and water transportation. This in turn reduces the need for carrying large inventories and encourages inter-community trade and thus introduces an element of competition and potentially increased market size and access. The cost of this improved public surface transportation infrastructure often cannot be justified based solely on community cost of living factors but it is sometimes possible to again “piggy-back” transportation infrastructure investment on industrial developments. This policy approach should be aggressively pursued by the GNWT.

Transportation investments can also reduce the cost of delivering government programs and services and/or provide opportunities for capturing improved economies of scale. This can reduce the tax burden on the economy and thus reduce cost of living.

iii) Communication Costs

Communication costs also tend to be high in the NWT because of long distances between communities and the relatively small size of the markets in communities. For example, running fiber-optic cables to every NWT community to serve markets of under 1000 people would be cost prohibitive. Some relief is provided to communication costs in the NWT by CRTC required market cross-subsidization and through recent investments in NWT data communications infrastructure projects. Improved communication links at lower costs would reduce cost of living and also may reduce the cost of providing government services and/or improving community access to such services.

iv) Market Development and Competition

The small size of NWT markets often inhibits the development of viable market economies in NWT communities and restricts competition where a business has started to produce a good or service for sale. Where community markets expand to make it profitable for businesses to set up shop the market usually responds. The larger the market, the better the business opportunities, the more entrants into that market and the greater the competition. Expanded markets drive down costs and prices. Yellowknife is a very good case in point. With the recent economic boom, markets have expanded and national retailers have set up shop, introducing national pricing policies and aggressive competition. Wal-Mart, Extra Foods, and Canadian Tire have all helped to reduce the cost of living in Yellowknife while returning a profit to the business.

The question is, can similar increases in market size be generated in other NWT communities to encourage businesses to open up shop and compete for customers. The first requirement for expanding a market is to increase employment and income levels in the market area. This will translate into increased consumer demand. The second requirement is to expand the access to consumers in any geographic region by improved transportation and communication links. Note that this second requirements does not necessarily translate into new retailers in every community, but to more retailers in larger regional centers that a group of smaller communities in close geographic proximity can access cost effectively.

Government's role in this context is to support economic development and job creation, invest in transportation and communications infrastructure and avoid interfering with normal market forces.

v) Employment and Income Levels

Increasing employment and income levels has two effects on the cost of living. First it improves consumer demand which can generate greater economies of scale, encourage business development and improve competition. Second, it can give individuals more financial capacity to deal with the cost of living and thus reduce their dependency on government subsidies and assistance. Reducing demand on government programs and services can free resources to address other factors affecting the cost of living or can reduce the tax burden government must place on the economy. This drives down the cost of living.

To achieve higher employment and income levels government must adopt policies that promote development, stimulate investment, and develop the labour force.

vi) Government Program Costs

To reduce the tax burden on the economy and thus reduce the cost of living the government must be vigilant to ensure it operates efficiently and spends effectively. Government must also minimize its interference in the operation of a market economy. Excessive regulation, inappropriate business support practices, or protectionist policies can discourage business investment and drive away competition; key ingredients to reduce the economic cost of living.

D. CURRENT SUPPORT THAT REDUCES COST OF LIVING

There are a large number of GNWT programs that reduce cost of living for NWT residents. These programs can be divided into two groups. The first are subsidies and other direct support that are provided to NWT residents that lower the cost of living. The other is programs and initiatives that address the factors that impact on cost of living as described above.

i) Subsidy & Other Direct Support Programs

For the programs described below, the GNWT has budgeted in 2005/06 some \$128 million in subsidy and other direct support programs that reduce the cost of living in the Northwest Territories. Many of these programs are targeted at lower income households and provide higher levels of support for communities where prices are higher.

Table 8 provides a summary of direct support programs paid in 2002/03 by community. Based on this information the largest amount of support is provided to households in Sachs Harbour where the average support level is \$26,677 per household, while the lowest average support is provided to households in Yellowknife at \$4,526 per household. The values in Table 8 represent average subsidies and direct support per household. Some households in each community may receive greater support, while others would receive less.

The following is a list of the subsidy and other direct support programs.

Territorial Power Subsidy Program (FMBS)

The Territorial Power Subsidy Program (TPSP) subsidizes residential power rates to offset the high costs of electrical power. The subsidy ensures residents of communities pay no greater than the Yellowknife rate for the first 700 Kwh of power consumption.

2005/06 Subsidy Budget: \$8,307,000

Water and Sewage Services Subsidy Policy (MACA)

The Water and Sewage Services Subsidy Policy (WSSSP) subsidizes residential water rates throughout the Northwest Territories, to provide for efficiency in water and sewage services, to encourage conservation of the water resource and to keep residential rates affordable in each community.

2005/06 Subsidy Budget: \$6,853,000

Public Housing Program (Education, Culture & Employment)

To provide subsidized rental housing to individuals or families in Core Housing Need. Public Housing includes units for families, single persons and Senior Citizens. Public Housing is supplied through new construction, rent supplement, rehabilitation of existing northern rental units, and acquisition of existing units.

Units are turned over to the Local Housing Organizations to operate and the rent for public housing units is based on a rent-to-income scale.

2005/06 Subsidy Budget: \$30,950,000

Income Assistance (Education, Culture & Employment)

The Income Assistance Program is targeted at people with low incomes and is intended to meet essential needs of clients.

2005/06 Subsidy Budget: \$12,783,000

Cost of Living Tax Credit (Finance)

The cost of living tax credit is provided to NWT residents to offset the high cost of living in the Northwest Territories. The tax credit is calculated on adjusted net income.

2005/06 Subsidy Budget: \$18,100,000

*Table 8
Summary of Subsidies that Reduce Cost of Living*, by Community
Northwest Territories, 2002/03*

	Average Subsidy per Household	Total Subsidies
	\$	\$
Northwest Territories	8,386	116,575,465
Beaufort-Delta Area		
Aklavik	16,095	3,991,468
Fort McPherson	14,678	3,948,428
Holman	21,135	3,043,422
Inuvik	9,072	11,040,759
Paulatuk	23,770	1,925,372
Sachs Harbour	26,677	1,200,486
Tsiigehtchic	14,850	1,232,520
Tuktoyaktuk	16,588	4,627,964
Sahtu Area		
Colville Lake	25,742	849,490
Deline	21,619	3,891,448
Fort Good Hope	20,878	3,507,501
Norman Wells	4,835	1,648,747
Tulita	18,641	2,609,683
Deh Cho Area		
Fort Liard	10,639	1,936,334
Fort Providence	13,714	3,634,325
Fort Simpson	10,056	4,283,647
Hay River Reserve	13,354	1,068,332
Jean Marie River	15,979	383,499
Nahanni Butte	14,449	520,159
Kakisa	19,028	266,389
Trout Lake	21,010	651,314
Wrigley	16,836	909,164
South Slave Area		
Enterprise	9,897	267,214
Fort Resolution	12,683	2,638,156
Fort Smith	7,741	6,277,564
Hay River	5,382	6,851,097
Lutselk'e	19,163	2,395,410
North Slave Area		
Detah	15,871	1,015,771
Gamèti	20,727	1,575,285
Behchokö	12,733	5,997,061
Wekweèti	23,575	848,716
Whati	22,613	2,803,995
Yellowknife	4,526	28,734,745

* Excludes subsidies for petroleum products and the Seniors Home Heating Subsidy which could not be provided by community.

Independent Housing Program (NWTHC)

The objective of the Independent Housing Program (IHP) is to assist low-income persons in eligible communities to obtain and, or repair a modest home. Eligible clients receive a subsidized loan towards the cost of purchasing and/or repairing a house. A portion of the loan is repayable based on income while the remainder is forgiven.

Clients under this program must have the financial resources to operate and maintain a home but do not have the income to qualify for the Expanded Downpayment Assistance Program (EDAP).

2005/06 Subsidy Budget: \$8,322,000

Supplementary Health Benefits (Health & Social Services)

The Supplementary Health Benefits are in support of access to quality health care programs and services. These benefits include coverage of eligible prescription drug costs and the cost of eligible medical supplies and equipment. Additional benefits are provided to Seniors.

2005/06 Subsidy Budget: \$17,661,000

Senior Citizens and Disabled Persons Property Tax Relief Act (MACA)

This Act allows for the relief of property tax to senior citizens (aged 65+) and disabled persons. In the General Taxation Area, the Government of the Northwest Territories provides 100% of the relief to qualified citizens. In the Municipal Taxation Areas, the Government of the Northwest Territories and the community government match grants of up to 50% each, providing up to 100% relief to qualified citizens.

2005/06 Subsidy Budget: \$244,000

Petroleum Products (Public Works & Services)

The cost of capital (tank farms and fuel delivery trucks (approx \$0.06/litre)) and the cost of financing inventory (approx \$0.01/litre) are not included in the retail price of fuel sold to customers.

2005/06 Subsidy Budget: \$931,000

The GNWT is currently providing a subsidy on heating fuel sold to non-government customers in the 15 communities it serves. The subsidy (on average \$0.10/lite) is expected to cost \$200,000 in 2005/06. In future years, the level of subsidy or even its existence will depend on the balance in the Petroleum Products Stabilization Fund (PPSF). There needs to be a surplus balance in the PPSF in order for the subsidy to exist. The current balance is a surplus of \$472,000. After the application of the above subsidy for heating fuel, the balance

will be reduced to a surplus of \$272,000 for the 2006/07 fiscal years.

2005/06 Subsidy Budget: \$200,000

Expanded Downpayment Assistance Program (NWT HC)

The Northwest Territories Housing Corporation (NWT HC) recognizes that some clients could acquire private homeownership if their monthly mortgage payment was more affordable. To make this possible, the NWT Housing Corporation is making downpayment assistance available to reduce the monthly operating expenses for those clients who wish to buy, build or renovate their home.

The objective of the Expanded Downpayment Assistance Program (EDAP) is to provide assistance to persons wishing to obtain homeownership through conventional financing. Clients receive downpayment assistance in the form of a forgivable loan subsidizing the cost of purchasing and, or repairing an existing home or constructing a new home. The level of assistance is determined using a sliding scale relative to the applicant's income, community, and the cost of the unit being bought, built or renovated. The applicants must qualify for a private mortgage or loan. All assistance is received in the form of a forgivable loan that is forgiven over a fifteen (15) year period.

2005/06 Subsidy Budget: \$2,752,000

Senior Citizen Home Repair Program (NWT HC)

The Senior Citizen Home Repair Program (SCHRP) assists seniors in core housing need to make repairs necessary for a safe and healthy residence. Eligible clients receive a forgivable loan towards the cost of repairs. The loan is completely forgiven over a ten (10) year period. The maximum assistance is \$20,000.00 plus applicable freight costs for materials to the client's home community.

2005/06 Subsidy Budget: \$1,165,000

Residential Rehabilitation Assistance Program (NWT HC)

The Residential Rehabilitation Assistance Program is a series of programs that provide financial assistance to homeowners and renters to modify or repair their home under a variety of categories including persons with disabilities, repairs for homeowners, conversions into residential, rental repairs, and rooming house repairs.

2005/06 Subsidy Budget: \$454,000

Emergency Repair Program (NWTHC)

The Emergency Repair Program (ERP) provides financial help to persons undertaking emergency repairs required for safe occupancy of their houses. The nature of the repairs is limited to repairs which are urgently required to make the house fit for human habitation, rather than to restore the house to the minimum property standards. Financial assistance is received in the form a contribution to a maximum assistance of \$11,000.

2005/06 Subsidy Budget: \$871,000

Day Care User Subsidy (Education, Culture & Employment)

The Day Care User Subsidy is targeted at low income working parents and assists with the cost of day care.

2005/06 Subsidy Budget: \$1,042,000

Seniors Home Heating Subsidy (Education, Culture & Employment)

The Seniors Home Heating Subsidy provides assistance for low-income Seniors to help with the cost of heating during the winter months. The program is targeted at persons 60 years of age and older who are homeowners and is income tested.

2005/06 Subsidy Budget: \$525,000

Seniors Supplement Benefit (Education, Culture & Employment)

The NWT Seniors Supplement Benefit provides financial assistance to offset the high cost of living in the Northwest Territories. The program is targeted at Seniors 65 years of age and older and people 60-64 years of age that receive the spouse allowance.

2005/06 Subsidy Budget: \$1,953,000

Student Financial Assistance (Education, Culture & Employment)

Student Financial Assistance provides financial assistance to NWT residents to access post-secondary education.

2005/06 Subsidy Budget: \$13,661,000

NWT Child Benefit (Finance)

The NWT Child Benefit provides financial assistance to low and moderate income families to lower the cost of raising children.

2005/06 Subsidy Budget: \$1,693,000

ii) Other Programs that Reduce the Cost of Living

In addition to the GNWT subsidies and direct support listed above there are a number of other programs and initiatives that reduce the cost of living in the Northwest Territories.

Currently, the Land Development Program by MACA provides funding to pay for land development projects in those non-tax based communities where there is a critical shortage of developed land. Funding is provided to community governments to assist with capital development costs such as road construction, landfill, etc.. The intent of the Land Development Program is to reduce the costs incurred by the community government when developing lots, so that lot prices are affordable for individuals.

The Land Pricing Policy (LPP) provides the Government of the Northwest Territories with the authority to price Commissioner's Land for lease, sale or other disposition and is intended to recover the capital development costs incurred by the Government of the Northwest Territories for lot development. In communities within the General Taxation Area the price of the land is based on the recovery of development costs. Development costs refer to such items as road construction, landfill, culverts and drainage works, legal surveys, etc. The LPP contains a pricing provision for Seniors and non-profit users to reduce both the cost and ongoing payment obligation: lot prices are reduced by 50% and the minimum payment is \$250.00 per year (vs. \$600.00).

Since land value in the Municipal Taxation Authorities is market driven, MACA does not provide direct financial support to the tax-based communities for land development. MACA does, however, transfer Commissioner's Land to tax-based communities at no cost. In areas of the Northwest Territories where land claims are not settled, MACA does have difficulty in making Commissioner's Land readily available. This impacts the supply and demand for readily available land development, and has the potential to increase the cost of lots to individuals for residential, commercial and industrial development.

The proposed Novell housing project by the NWTHC has the potential to help alleviate some of the housing problems that exist in NWT communities. Novel Housing is a concept that re-utilizes temporary workforce housing associated with the construction of the Mackenzie gas project into permanent homes. The concept reduces the cost of living by providing affordable housing to NWT residents that could not be achieved by conventional stick building methods. These housing units would be utilized for replacement social rental housing as well as assisted home-ownership programs. The houses will be constructed from maintenance free or low maintenance materials and will incorporate energy efficient features to ensure that ongoing operating and maintenance costs are minimized.

The food mail program by INAC is designed to reduce costs for perishable goods in remote northern communities by subsidizing transportation costs. This federal program spends \$36 million across all northern regions on the program. Recently, the GNWT has proposed changes to this program to improve its effectiveness in the Northwest Territories.

The GNWT also provides direct support for traditional harvesting through programs in ITI such as the Community Harvesters Assistance, Local Wildlife Committees, Genuine Mackenzie Valley Furs, Fish Freight Subsidy, and Western Harvesters Assistance. These programs help bring harvests into the community, thereby reducing the amount of store-bought goods required by residents.

In the personal income tax system, the Northern Residents Deduction of \$5,475 reduces the tax burden in communities throughout the Northwest Territories. It is estimated that this tax deduction reduced federal income tax by \$18.4 million and territorial tax by \$7.6 million in 2003. Lower personal taxes result in more disposable income for territorial residents to pay for other goods and services. It should be noted that the Northern Residents Deduction has not been increased since its introduction in 1988.

iii) Programs and Initiatives that Address Key Factors of High Cost of Living

As was noted earlier, subsidies and direct programs that impact high cost of living in the Northwest Territories play an important role in reducing the cost of living, but don't necessarily address the underlying factors that impact on the cost of living. This section describes programs and initiatives being undertaken by the GNWT and others that address the key factors impacting the cost of living.

There are a wide variety of energy-related initiatives that have the potential to contain and reduce the growing cost of energy in the NWT. The GNWT is currently developing an NWT Energy Plan to ensure these initiatives are approached in a coordinated fashion, that there is an appropriate legislative and policy environment in place to encourage reduced energy costs for communities, and to refine and formalize the approach to development of NWT energy resources. While the largest energy savings in the short-term will only be achieved through reducing demand and increasing efficiency in existing systems, ensuring the predictability and security of energy supply at reasonable economic and environmental costs in the future requires a long-term plan.

Recognizing there is a continuing need to coordinate energy conservation and efficiency initiatives, and to facilitate Community Energy Planning, the Department of Environment and Natural Resources helped to form the Arctic Energy Alliance. Together with other core members - the NWT Association of Municipalities, NWT Housing Corporation, NWT Public Utilities Board, and GNWT Department of Municipal and Community Affairs - the Alliance was formed to assist energy consumers to work together to reduce the costs and environmental impacts of energy and utility services in the NWT. The Alliance, a not-for-profit society created under the Northwest Territories Societies Act, provides a host of services related to energy management, use and conservation.

The recent \$1.3 million GNWT Energy Conservation Action Program further enables the Alliance to supplement existing or offer new energy conservation programs to the public. Several of these programs include:

- ◆ Increase the grants to homeowners for energy conservation improvements made under the federal EnerGuide for Houses Program.
- ◆ Produce public education materials providing homeowners and businesses with practical ways to reduce energy.
- ◆ Promote energy conservation and climate change in NWT schools by developing new curriculum materials.
- ◆ Increase the financial incentives available under the federal Commercial Building Incentive Program to improve energy efficiency new or renovated commercial buildings.
- ◆ Provide cash grants to homeowners and small businesses for maintenance of boilers and furnaces.
- ◆ Coordinate information sessions with community governments to increase community knowledge, capacity and awareness of energy conservation.
- ◆ Introduce “Energy Star” workshops to Local Housing Authorities.

The Alliance also delivers federal energy conservation programs to the public on behalf of the Government of Canada including:

- ◆ The Commercial Building Incentive Program is designed to improve the energy efficiency of newly constructed or extensively renovated commercial buildings. Subsidies range depending on the estimated annual energy savings.
- ◆ The Energy Innovators Initiative is aimed at encouraging commercial and institutional organizations to invest in energy efficiency throughout their operations. (\$25,000 to \$250,000).

In addition, the Department of Environment and Natural Resources offers the Energy Conservation Program, which is designed to provide funding for retrofit projects that reduce the amount of purchased electricity, heating fuel or water used in facilities. Government of the Northwest Territories departments, as well as boards/agencies and non-profit organizations are eligible for funding under this Program. Past projects have included replacing older appliances with energy efficient appliances in Tulita Public Housing, the installation of florescent lighting in community Air Terminal Buildings, and increasing the insulation value of building for the Yellowknife Catholic School system. The amount of eligible funding is dependent upon the annual cost savings achieved through the project, up to a maximum of \$50,000.

PWS is now implementing the Commercial Building Incentives Program (CBIP) Certification for all design/construction projects, and all buildings over a certain size must meet the certification standards of CBIP. This certification exceeds the requirements of the Model National Energy Code of Canada for Buildings (MNECB) energy efficiency baseline by at least 25%. The program is provided by NRCan, and offers a substantial grant for expenses to achieve certification. The new Chief Albert Wright School in Tulita has been designed to meet these requirements, Using an Energy Modelling Workshop, the new school has achieved an energy efficiency level 46% above the MNECB baseline while only adding \$160,000 to the construction estimate with a payback of 1.6 years in operational cost savings.

The NWT HC has undertaken a variety of initiatives to help public housing tenants conserve energy and reduce utility costs that include:

- ◆ investigating low-volume flush toilets in order to reduce water consumption by replacing high water volume toilets in public housing.
- ◆ working with other agencies to develop a Code of Best Practices for energy conservation strategies)
- ◆ undertaking a study to update life-cycle cost information on energy efficiency related to a number of building assemblies.
- ◆ installing solar water preheaters in public housing units to determine their cost-effectiveness.
- ◆ replacing standard oil-fired heating stoves with energy-efficient stoves to examine impact on consumption.
- ◆ investigating other options for lowering energy and utility costs in public housing units like foam insulated panels, micro-utility containers, high efficiency residential heating systems, and gray water recycling.

In the medium and longer-term, greater utilization of NWT hydroelectric resources may provide an opportunity to reduce energy costs, and therefore the cost of living, in many NWT communities. Securing large-scale industrial customers provides for economies of scale and could reduce the per-unit costs of energy generation. The GNWT requires an approach to large-scale development that encourages the development of NWT hydroelectric resources wherever it is economically and environmentally feasible to do so.

The importance of long-term planning has also been underscored by the recent rise in oil and gas prices. Many industry analysts agree that the recent price spike represents a long-term pricing shift as opposed to a short-term market adjustment. With many of the smaller NWT communities relying on imported fossil fuels to meet their energy needs, communities are susceptible to future increases. Increasing the use of domestic energy resources, on both a large or small scale, and looking for ways to integrate technological advances into existing systems, needs to be considered when planning for the long term.

Currently, discussions are underway between the proponents for the Mackenzie Gas Project and representatives of Tulita, Deline, and the NWT Energy Corporation (a subsidiary of NTPC), to develop a 100 megawatt hydroelectric facility on the great Bear River to provide renewable power to the proposed pipeline. Not only does this provide business opportunities in the Sahtu, but communities along the route would have access to renewable power.

The NWT Energy Corporation is also working in partnership with the Akaitcho Territory Government and the NWT Metis Nation to expand the existing Taltson system to supply power to NWT diamond mines. The economic and environmental returns of such projects can provide substantial long-term benefits to northerners.

Two other initiatives currently being studied are:

- ◆ Conversion of Fort Smith to Electricity – a study is underway to determine the feasibility of using existing surplus electricity from the Taltson Dam to convert buildings from oil to electric heating.

- ◆ Conversion of Communities to Natural Gas – in 2001, a study on the feasibility of converting some Mackenzie Valley communities to natural gas from the proposed Mackenzie Valley Pipeline was conducted. At that time, the proposed conversions did not appear to be feasible. However, with more information now available on the MGP, and in the context of rising energy costs, this study is now being updated. Again, this speaks to the importance of long-term planning. If it is not currently feasible to convert communities due to either the size of the generation load, or existing costs of service, under what conditions would the conversion be feasible? With the MGP scheduled to be completed in 2011, conditions and perhaps technological advancements in 2013 to 2015 may make this project feasible.

The NWT Energy Plan currently developed by the GNWT will ensure there is a comprehensive analysis and approach to all of these issues. The Plan should be completed by the fall of 2006.

A further effort to reduce factors contributing to the high cost of living relates to self-government and land claims. In an effort to bring certainty to land development issues, which would help reduce land costs in some communities, the GNWT is an active party in the negotiation of Aboriginal lands, resources and self-government agreements which, when finalized, will rectify land availability for development.

Corridors for Canada, submitted in May 2002 to Infrastructure Canada, was the GNWT's proposal under the Canadian Strategic Infrastructure Fund. The proposal identified six infrastructure improvement projects needed to support access for communities and to support long-term economic growth. Improvements have been directed to specific sections of Highways 1, 4, 7, and 8. Further work is being done on the Mackenzie Valley Winter Road bridges, grade improvements, and design work for the new Bear River Bridge. These improvements will extend the operating season for the winter road and related opportunities for cheaper surface transportation resupply. Work is also nearing completion on Highway #3 from Behchoko to Yellowknife. This work will reduce travel time and related operating costs for motorists.

DOT continues to work with the Deh Cho Bridge Corporation in a public-private partnership towards the construction of the first highway bridge over the Mackenzie River at Fort Providence. The final Concession Agreement has been agreed to and construction is expected to begin this year. The current construction schedule anticipates the opening of the Deh Cho Bridge to traffic in late 2008. This bridge will eliminate the current delays now experienced with ferry and ice bridge operations and reduce inventory and storage costs for consumer goods destined to Yellowknife and beyond by air.

The GNWT is working with INAC and other partners to expand the winter road season to Wekweti. A longer winter road season will increase cheaper surface transportation resupply opportunities for residents. The Department is also currently working on a more detailed study of the options for winter road realignment and all-weather road options, titled the Tli Cho Corridor Options Study. The study is investigating three options for winter and all season roads in the Tli Cho Settlement Area. The results of this study will feed into the updated Highway Strategy document that will be completed this fiscal year.

DOT has worked with local contractors/industry to develop a new contracting and funding approach to operating the Mackenzie Valley Winter Road for the 2005/06 season. This approach should improve the safety and standard of the winter road.

The Department has prepared a funding proposal entitled Corridors for Canada II that has been submitted to the federal government. Corridors for Canada II identifies the need for an additional investment of \$162 million, directed to two types of transportation corridor needs:

- ◆ Responding to the Pressures of Resource Development: \$117 million is proposed for highway reconstruction and improvements in the Slave Province and Mackenzie Valley corridors.
- ◆ Economic Diversification and Connecting Communities: \$45 million is proposed to improve highway and airport infrastructure in communities outside of the Slave Province and Mackenzie Valley corridors. This covers community access road improvements to Nahanni Butte, Hay River Reserve and Jean-Marie River and community airport improvements in Colville Lake, Nahanni Butte, Trout Lake and Fort Good Hope.

The Department has also prepared an additional proposal for funding entitled *Connecting Canada: Coast to Coast to Coast* to construct an all-weather road through the Mackenzie Valley to the Arctic Ocean including an all-weather road from Inuvik to Tuktoyaktuk, permanent bridges across the Mackenzie and Liard Rivers, and the extension of the Mackenzie Highway from Wrigley to the Dempster. The proposal has been and was presented to the federal government prior to the anticipated federal election call.

The Department also continues to work on a National Transportation Strategy (NTS). Work on the strategy is being led by British Columbia (the Chair), Nova Scotia and Northwest Territories. The federal government will be invited to be a partner in the implementation of the NTS through the allocation of uncommitted fuel tax revenues. These revenues could provide the basis for a long-term sustainable transportation infrastructure improvement fund.

In 2005-2006 the GNWT provided \$750,000 to Falcon Communications to support their project to bring affordable high-speed Internet service to the NWT. By mid 2006, Falcon Communications, an alliance of 6 aboriginal development organizations, and their private sector partner expect to have complete a broadband network to all NWT communities, and offer high speed Internet service to all residents at the same price the service is available in Yellowknife. The GNWT investment of \$250,000 from ITI provided support for implementation activities, and \$500,000 from ECE will directly support training of local Community Service Providers who will offer the service in every community.

Since fiscal year 2000-01 PWS has contracted a telecommunications regulatory specialist to monitor the Canadian-Radio and Television Communications Committee (CRTC) hearings and to represent NWT interests at CRTC hearings. With increasing convergence of digital and telephone communications, monitoring developments in these areas is essential, as CRTC processes and Industry Canada policy decisions can have cost implications for the NWT.

In 2000-2001, the PWS Systems and Communications Division successfully lobbied for the CRTC to approve NorthwesTel's 4-year, \$70,000,000 System Improvement Program (SIP), which was intended to reduce the cost of telecommunications in high cost service areas.

Benefits and/or savings arising from NorthwesTel's System Improvement Program that PWS lobbied for:

- ◆ Significant reductions in long distance rates that have reduced the GNWT's telephone bills by \$1,000,000 annually.
- ◆ New long distance calling programs for residents and businesses whereby long distance charges are equal to or less than those in the South.
- ◆ Basic local dial Internet access.

In 2004, the CRTC finally designated NorthwesTel as the Internet Service Provider (ISP) of last resort in all northern communities where no such service previously existed. By the summer of 2004, residents in all NWT communities were able to connect at low speeds to the Internet, without making long distance calls, and with monthly packages priced similar to those in Yellowknife. S&C had been lobbying the CRTC since 2000 to make this decision.

The Department of Industry, Tourism and Investment encourages economic development and diversification through assistance to businesses. To this end the Department, through the Business Development Fund and other programs, share the financial risk so that good ideas can be turned into successful businesses and existing businesses can fully realize their potential. The 2005/2006 budget allocation was \$1,267,000. In addition, ITI supports and encourages the development of viable businesses in the Northwest Territories. It also recognizes that small businesses which employ others, self-employed entrepreneurs, arts and crafts producers, or commercial renewable resource harvesters are an important source of community economic activity which normal business funding programs may not adequately address. To that end the Department of Industry, Tourism and Investment provides financial assistance in the form of small grants to offset some of the costs incurred by small Northwest Territories businesses. The Grants to Small Business Policy has a 2005/2006 budget allocation of \$287,000.

As has been noted, harvesting plays an important role in reducing the cost of living. ITI provides training programs for harvesting and traditional life skills in addition to the support programs for harvesting described earlier. ENR is preparing a Caribou Management Strategy that will explore potential mitigative recommendations in collaboration with regional co-management boards. The strategy is aimed at ensuring sustainability of the barren ground caribou.

In recent years business development, capital investment and overall economic growth are at all time highs in the Northwest Territories. These increased business and employment opportunities, along with the huge potential for jobs and income through the development of a natural gas pipeline in the Mackenzie Valley, offer further possibilities to pressures from cost of living through increased employment and income. Overall income in the Northwest Territories has increased by over 45% between 1994 and 2003. In some communities impacted by resource development such as Whati, Fort Liard and Behchokö the increase over this period has been more than 80%.

However, with development and increased income the potential for inflationary impacts also exist. The scale and timing associated with construction of the proposed Mackenzie Valley Pipeline raises concerns about potential increases in costs for residents in communities along the pipeline route. The GNWT is working with the project proponents to ensure that community resupply is not impacted by the proposed project. Other inflationary impacts from the development will need to be carefully monitored.

E. HIGHLIGHT OF CURRENT ACTIONS ON FACTORS AFFECTING THE COST OF LIVING

In addition to the on-going support to reduce cost of living and the following are some of the activities that are currently being undertaken on the factors that affect cost of living.

- ◆ Numerous initiatives are being undertaken as part of the Energy Conservation Action Plan for this fiscal year and the development of an Energy Plan in the coming year will ensure that the NWT's energy resources are developed in a timely and strategic manner and that the people in communities throughout the NWT benefit from affordable energy costs and sound environmental practices.
- ◆ The Corridors for Canada II proposal that included improvements to community access roads and responding to resource development has been submitted to the federal government. A transportation proposal, *Connecting Canada: Coast to Coast to Coast*, on the construction of an all-weather road through the Mackenzie Valley has also been submitted to the federal government.
- ◆ A number of current transportation investments in NWT highways and winter roads are being completed under the Corridors for Canada projects.
- ◆ Construction of the Mackenzie River Bridge is expected to begin this summer with completion in the fall of 2008.
- ◆ PWS in partnership with NTCL are actively pursuing options for alternate transportation routes to those communities currently resupplied via summer barge. Alternate transportation routes (e.g. Originating from West Coast and then up around Alaska rather than originating from Edmonton), have the potential to lower transportation costs which will be passed on to customers/communities)
- ◆ Support will be sought from other Canadian jurisdictions for a proposal to the federal government to have the Northern Residents Deduction increased from the current \$5,475.
- ◆ Agreement has been reached on a MOI that will allow for further work on the Talston hydro expansion.

ATTACHMENT 4

Proposal for Creating Housing Solutions from the Mackenzie Gas Project

**WORKING
TOGETHER
FOR
OUR
FUTURE**



Northwest Territories
Housing Corporation

“Simply put, we must break the cycle of poverty, indignity and injustice in which so many Aboriginal Canadians live. We must make real improvements in their lives and living conditions. And all of this must lead to economic self-sufficiency. How are we to ensure success?...The purpose of our goals must be to organize our every effort and focus our every response. What should these goals be? Clearly they will include better health care and housing.”

Excerpt from Address by Prime Minister Paul Martin
at the opening of the First Canada-Aboriginal Roundtable.

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EXECUTIVE SUMMARY

There is no question that a new national vision for housing is needed. This need is especially evident in Canada's north where Aboriginal people in small communities struggle to cope with major shelter issues. This must and can change. This proposal presents a once in a life-time opportunity to make meaningful change and improvements in the lives of Aboriginal people throughout the NWT.

A housing crisis exists in all Aboriginal communities in the Northwest Territories. This crisis is real. This crisis involves poor living conditions. This crisis involves over-crowding. This crisis involves affordability. Currently 2,260 households in the Northwest Territories (NWT) suffer from one or more of these problems.

Compounding this crisis is increased demand for new housing from population growth and increased over-crowding. According to a NWT Bureau of Statistics May 2005 report, approximately 1,600 new homes will be required in Aboriginal communities in the Northwest Territories from 2005-2014.

Responding to this crisis requires an innovative solution. It requires partnerships between all levels of government, communities, and the private sector to achieve transformative change in housing delivery. The Mackenzie Gas Project (MGP) provides the opportunity to create this change in an affordable manner over a relatively short period of time.

The MGP will house 12,500 workers in the NWT during pipeline construction. ATCO Structures Inc. has developed the "Novel™ Manufactured Housing" concept which can satisfy both the need for short term workforce housing for pipeline construction workers and, through an efficient conversion process, can meet a major portion of the need for additional quality built affordable energy efficient housing in small NWT communities. Upon completion of the gas pipeline project the workforce housing can be economically converted to 1,420 permanent quality homes. This is a huge legacy that will significantly reduce core housing need throughout the NWT.

The proposed approach takes advantage of the fact that the MGP will largely pay for initial construction and placement of workforce housing in camps along the Mackenzie River Valley. Taking into account the factory premium for using the Novel™ concept, along with the relocation and conversion costs, the workforce housing can be converted to residential homes for an average of \$100 per square foot. Conventional construction costs \$161 per square foot in the NWT. This represents a savings of almost 40% or well over \$100 million. This approach is unique, opportunistic, takes advantage of new technologies and will create a lasting benefit from the pipeline project. Simply put it is not possible to deliver 1,420 homes using traditional construction practices for the cost presented in this proposal.

This proposal is based on a partnership approach between all levels of government and industry. The proposal calls for the MGP to utilize the Novel™ workforce housing and to release the units at the end of the pipeline construction at no residual value in recognition that MGP will not have to pay for shipping back south and the cost of marketing these units with uncertain demand. ATCO has already made significant investments in the research and development of the Novel™ approach and will continue to do so. ATCO will also be providing factory training opportunities for NWT residents and contributing to end user marketing through the provision of show homes. Canada Mortgage and Housing Corporation (CMHC) is being requested to provide a contribution of \$90 million to help offset conversion costs. GNWT is assuming the project risk as the guarantor of the overall financing and the end purchaser of a large proportion of the units. The GNWT cost is estimated to be over \$120 million.

The benefits from this project extend foremost to Aboriginal people and small communities throughout the NWT; the benefits are far reaching for NWT business and labour; southern manufacturers and southern jurisdictions gain from this project as well as the environment:

1. Meeting the Housing Needs of Aboriginal Residents in the NWT: An infusion of 1,420 quality homes in the communities will have an enormous impact on the goal of closing the gap between Aboriginal housing conditions and the quality of housing enjoyed by the rest of the population.
2. Economic Activity: It is estimated this project will contribute in excess of \$250 million dollars in economic activity in the Northwest Territories including labour, materials, and transportation and lot development expenditures to complete the conversion of 1,420 Novel™ Homes in northern communities.
3. Labour Component: This project represents approximately 1.2 million person hours of labour required to convert the workforce housing and over \$86 million dollars in wages for northern workers.
4. Capacity Development: The development of local capacity to complete the installation of the workforce housing; the subsequent decommissioning of the camp sites and ultimately the conversion process is an important component of this proposal. The training and development of local workers, skilled trades, and material development will contribute to long term stability within northern communities.
5. Investment and Development: The ATCO Structures Inc. investment in the design of the Novel™ Manufactured Housing concept is valued at \$10 million dollars. This investment benefits southern Canadian jurisdictions by providing the opportunity for conversion of similar housing on project completion elsewhere and worldwide.
6. Workforce Housing Component: ATCO Structures Inc. of Calgary, Alberta is a world leader in the manufacture of work force housing. This component of the process would be built in Calgary for shipment to camp sites in the NWT and represents over \$173 million in economic activity in southern jurisdictions.

7. The Environment: This is the ultimate in product recycling. The conversion from workforce housing to permanent homes sustains the product in the north; eliminates surplus workforce dormitory units and incorporates energy efficiencies in long term housing.

This project will make a real difference in the lives of Aboriginal people and Aboriginal communities throughout the NWT. For this to happen, however, support from Canada is required. The GNWT acting alone cannot deliver 1,420 new homes in the period considered by this proposal.

The opportunity for Canada presented here is to develop 1,420 homes in NWT Aboriginal communities for an investment of \$90 million. This is without question an effective use of public funds.

PROPOSAL SUMMARY

The Northwest Territories Housing Corporation (NWTHC) is the lead public agency in the Northwest Territories (NWT) responsible for providing suitable, adequate and affordable housing. In conjunction with its community based partners, the NWTHC is committed to the goal of improving housing conditions in the NWT particularly in Aboriginal communities where the need is the greatest. Good housing contributes to improved health and wellness of individuals, families and communities.

The National Aboriginal Housing Association (NAHA) describes “housing” as a “cornerstone” for sustainable communities and at the core of the “well-being” of Aboriginal people. The March 2004 Report by the NAHA on “The National Non-Reserve Aboriginal Housing Strategy” concludes that having a safe place to live, free from stress and upheaval of economic eviction, as being fundamental to making progress in early childhood development and education. The Report goes on to conclude that good housing is a determinant in health and is the first line of defense in eradicating crime and violence in aboriginal communities.

For years various housing programs have invested time, money and effort in improving housing conditions in NWT communities through local development. Aside from individual benefits, the overall impact of these efforts across Aboriginal communities has been limited.

The proposed Mackenzie Valley Gas Project (MGP) represents a single moment in time. It has the power to positively transform housing for individuals, families and communities. This is a pivotal moment in the housing history of the NWT. This is a crucial moment for aboriginal communities.

The design and the technology exists for the MGP to use manufactured workforce housing structures that on completion of the project can be converted to permanent residential housing.

ATCO Structures Inc. (ATCO) of Calgary, Alberta has developed a workforce housing structure for this purpose. The product known as “Novel™ Manufactured Housing”, is an innovative concept. (Patent pending on ATCO Novel™ Housing Concept. Novel™ is a registered trademark wholly owned by ATCO Structures Inc.) While there are other suppliers of manufactured workforce housing structures in Canada, ATCO is the only supplier to have developed this particular design which is capable of satisfying both short term requirements for work force housing and also providing the opportunity to address long term permanent housing goals in the NWT. ATCO has been proactive in recognizing the opportunity for residential conversion of workforce housing following project completion and has made a significant investment in research and design. Regarding convertible workforce housing ATCO is far ahead of other suppliers.

It is likely the camp procurement process will begin in 2006 leaving very little room for other suppliers to develop a competitive design equivalent to the ATCO product. The procurement process itself is also driven by the MGP not by government. The role of government in stimulating private sector investment in convertible workforce housing is limited as the procurement process is driven by a third party (MGP). The NWTHC has signed a Memorandum of Agreement with ATCO regarding the use of Novel™ Manufactured Homes by the MGP.

This proposal seeks to encourage the federal government to join forces with the NWTHC and industry to make significant and dramatic long term positive changes to assure the availability of affordable housing in the NWT through direct financial support.

The urgency for government to commit funding for this project is based on the requirements to incorporate the internal conversion systems in the manufactured workforce housing structures in the factory prior to delivery to the work camp site¹. Standard manufactured workforce housing units are of no use for residential housing and represent no benefit for the NWT following project completion.

The construction camps to be established by the MGP will accommodate approximately 12,500 workers. MGP workforce housing structures will convert into approximately 1,420 permanent residential homes.

For Aboriginal communities in the NWT, this is a unique opportunity to kick start positive change on a scale not seen before, by finally addressing chronic housing and health related issues. The outcome of this proposal for the federal government will be wide scale positive and meaningful housing solutions for Aboriginal communities in the NWT.

Canada will not be acting alone in this initiative. In developing a funding proposal that involves both governments, communities, industry and the final purchaser it is expected that the strengths of all stake holders will be combined. The nature of federal government interests served by this proposal has been articulated in recent pronouncements recognizing chronic housing issues particularly evident within Aboriginal communities.

¹ATCO Structures Inc. requires the premium for the built-in design components for subsequent conversion to permanent manufactured residential homes to be addressed in order to meet MGP procurement schedules.

Funding from Canada for this project:

1. represents a re-investment in northern Aboriginal communities by the federal government from the very significant tax revenues to be generated from the MGP;
2. recognizes the historical relationship between the federal government and Aboriginal people;
3. is consistent with stated federal government interests in northern development;
4. builds on key elements of federal government infrastructure programs and supports stated federal government sovereignty concerns in Canada's north; and
5. will produce a substantial increase in the supply of affordable housing in NWT communities.

The project costs for 1,420 Novel™ homes are significantly less than traditional construction methods. The Novel™ project home cost is approximately \$100 per square foot (see Appendix 2). The average cost of a traditional stick built home in the NWT is approximately \$161 per square foot, which is a cost difference of more than 60% compared to the Novel™ approach. Novel™ project homes are therefore affordable and effectively satisfy NWT HC program delivery standards.

The development of 1,420 Novel™ Manufactured Homes in northern communities not only offers savings from current stick-built construction costs to homeowners and to government, it also represents a very significant economic and training benefit for northern workers, material suppliers, transportation and lot development. The conversion component of this project, being labour and materials required to convert the workforce unit into a permanent home is estimated at approximately \$135 million dollars. This represents a very significant opportunity for northern labour and suppliers. Additional expenditures to be made in the north include transportation, assembly and dismantling of workforce housing and land and lot development.

Funding required to develop 1,420 new permanent quality built manufactured homes based on the Novel™ Manufactured Home, in northern Aboriginal communities may be summarized as follows:

- ◆ Government of Canada (Canada): \$90 million capital contribution towards the \$135 million costs to convert the workforce housing into Novel™ homes;
- ◆ Government of the Northwest Territories (GNWT): \$116-129 million;
- ◆ Industry - Mackenzie Gas Project (MGP): \$235 million capital contribution to the cost of the basic workforce dorms, transportation and construction camp assembly and decommissioning;
- ◆ Industry - ATCO Structures Inc (ATCO): value has been attributed to recognize the investment in the development of the Novel™ concept; the commitment to training and capacity development and the commitment to support marketing through the delivery of model/show homes to the NWT. Value of contribution attributed: \$10 million;

- ◆ Homeowners: \$62 - \$70 million; and
- ◆ NWT Communities: a contribution of the raw land at nil consideration will be sought to further improve the economics of the project however a land cost has been included in the funding models.

To manage the funding flows and the interests of the partners reflected above, this Proposal recommends that a Special Purpose Entity (SPE) be created to facilitate the financing of the project. The creation of the SPE would provide the flexibility to permit the Government of Canada to invest in the project as early as 2006, if it so chooses. The SPE offers government the means to protect the commitment of public funding for the project; to facilitate the timing of public funding commitments and to accommodate project related tax considerations. The SPE also means the borrowing necessary to purchase the assets from the supplier, ATCO, is primarily secured by the MGP payments. This flexibility in approach is reflected in the two funding options presented in Appendix 2.

OPTIONS PROVIDING SOLUTIONS

Two funding options have been developed for comparative purposes. The project assumptions and financial models are detailed in Appendix 2. While both options are based on similar assumptions, the timing of the capital contribution from Canada directly impacts total project costs and the ultimate selling price of the Novel™ homes.

Under Option 1, \$90 million in federal funding flows to the SPE in 2008. This allows for the Novel™ homes to sell for \$116,000. The GNWT contributes \$116 million and the MGP \$235 million.

Under Option 2, \$90 million in federal funding flows over 2012 to 2014 in line with the phased conversion of the dorms. Under this Option, however, the homes sell for \$131,000, the GNWT contributes \$129 million and the MGP \$235 million. The increases reflect higher project financing costs.

The financial models assume the MGP will not pay any premium associated with the Novel™ Manufactured Home but will not expect any residual value at the end of the pipeline construction.

Affordability is an important goal of this proposal and project. In this respect an up-front funding commitment from Canada will contribute directly to lowering the house cost.

The magnitude of this project is significant and represents a dramatic opportunity to fundamentally change the quality of living in the NWT, particularly within Aboriginal communities. An opportunity of this magnitude will not occur again. The Novel™ Manufactured Housing project represents a “best-opportunity” to significantly improve Aboriginal housing throughout the NWT.

Support from Canada for this project is critical to seizing this opportunity before it is gone. History may identify this as a turning point in providing affordable housing for northern Aboriginal people and communities. If it is missed the opportunity to make substantial housing changes represented by this project, and the economies of scale that go with it, may never be seen again.

INTRODUCTION

Housing is an issue of crisis proportions in Aboriginal communities in the NWT. There is a demand for more housing that is adequate, affordable and suitable within the natural environment of the north and within the context of the emerging economy. The federal government has acknowledged that the northern territories have housing needs that are unique within Canadian jurisdictions. These unique circumstances are due in part to northern climatic conditions, a lack of infrastructure, a small and scattered population, an elevated cost of living and the prevalence of a higher rate of social problems.

Assisted housing programs began in Canada following World War Two. Beginning with returning veterans requiring new homes these programs evolved over time to include social housing programs for low to moderate income Canadians. While the country was moving ahead with assisted housing initiatives it was not until the seventies that the NWT became fully engaged in assisted housing delivery through the NWT HC. This lag time in delivery created a gap that still exists today between northern communities and southern communities. This shelter gap or "housing deficit" is particularly evident in northern Aboriginal communities. According to the TD Bank Financial Group June 17, 2003 Report on "Affordable Housing in Canada: In Search Of A New Paradigm," the proportion of Aboriginal households that did not meet CMHC requirements was twice that of the national average. The MGP represents a singular opportunity to close the housing deficit by addressing the current supply shortage of affordable homes in the NWT.

The impact from this proposal can be described in deliverables that clearly constitute the effective use of public funding. The delivery of 1,420 new homes in Aboriginal communities represents a 60% reduction in the current core need numbers in the NWT. From a different perspective, the 1,420 homes represent almost a complete response to the need for new housing in Aboriginal communities over the next nine years. The NWT Bureau of Statistics projects a need for 1,600 new additional homes in Aboriginal communities between 2005 and 2014. This proposal combined with other initiatives can manage this growth while at the same dramatically reducing core need.

Adequate and affordable housing is a basic human need and contributes to healthy communities. The GNWT 15th Legislative Assembly has recognized these facts and has made the need for improvements in the supply of adequate and affordable housing one of its priorities in the Strategic Plan.

The GNWT has directed the NWT HC to act in a lead capacity regarding the opportunity to develop housing solutions for northern residents and Aboriginal communities. As a Crown Corporation created in 1974, the NWT HC has the legislative mandate to support, direct, finance, deliver and encourage housing development throughout the NWT.

The NWTHC has identified a creative solution to the housing deficit that plagues northern communities and one that also meets the challenge of supplying affordable and adequate housing. The proposed MGP will bring manufactured workforce housing structures into the NWT to house approximately 12,500 workers during a two to three year construction phase beginning in 2007. These manufactured workforce housing units represent approximately 1,420 permanent residential homes. The NWTHC has investigated this opportunity and has reached a conclusion that the technology and design capacity exists for the MGP to use manufactured workforce housing structures that can be converted to efficient and suitable permanent residential homes on completion of the project. This is a “made-in-the-north solution” to a housing crisis in NWT Aboriginal communities.

ATCO Structures Inc. (ATCO). of Calgary, Alberta has developed a manufactured workforce housing structure that can be converted to a residential home. It is called “Novel™ Manufactured Housing.” ATCO is a world leader in the design and construction of workforce housing and other project buildings. The Financial Cost Analysis and Technical Analysis referred to in this Proposal and attached relate to Novel™ Manufactured Housing.

The 1,420 Novel™ Manufactured Homes represent a community infrastructure legacy for the NWT that would enhance the quality of life, particularly in Aboriginal communities, for many years to come. The infrastructure associated with establishing 1,420 new permanent homes in NWT communities also represents a significant long term enhancement to community facilities and services that will benefit existing homes and satisfy the goals and objectives of the Federal Infrastructure Program.

The provision of housing is essential for human activity and supports the continuation of community living and traditional communities throughout the NWT. It also serves as a generator of economic activity which is important to community viability. The Auditor General of Canada recognized the connection between solving housing issues and healthy and safe communities in 1991 by stating:

“Inadequate and overcrowded housing...can contribute to social and health problems, such as sickness, marriage breakdown, alcoholism and child abuse. The financial results can be measured in terms of higher costs of health care, social assistance benefits, policing, and penitentiary service. Solving housing problems... could reduce the cost of health services and social assistance by improving social and health standards.”

The relationship between housing and individual and community health has been recognized by numerous reports and studies (see Appendix 4). The federal government has acknowledged this connection particularly in relation to Aboriginal people and communities. Canada's performance was examined in 2004 by both Health Canada and the Department of Indian and Northern Affairs, resulting in the following finding:

“Aboriginal peoples living off-reserve also face serious housing issues. Compared to other Canadian households, Aboriginal people off-reserve are more likely to live in dwellings that are unacceptable (in need of major repair, crowded, and consume 30 per cent or more of their income). Their relatively lower average income means that more Aboriginal households are unable to afford acceptable housing that meets all three housing standards. As a result, a greater proportion of Aboriginal households are in core housing need. In 2001, 25 per cent of off-reserve Aboriginal households were in core housing need, compared to 16 per cent of non-Aboriginal households.

In many cases, inadequate housing and crowding can be associated with a host of health problems. For example, mold growth can lead to respiratory and immune system complications. Crowded living conditions can lead to the transmission of infectious diseases such as tuberculosis and hepatitis A and can further increase risk of injury, mental health problems, family tensions and violence. In 2000, the rate of tuberculosis in First Nations on reserve was about six times that of Canada as a whole. (Source: *Health Canada 2004; INAC Basic Departmental Data, 2002*)”.

The NWTHC, in working to improve housing conditions in the NWT, supports the conclusion that improved housing conditions benefit other social areas. Over time, personal health, education and community standards in Aboriginal communities can be raised through the delivery of quality built affordable housing. While much has been said and written about the need to improve Aboriginal housing conditions in Canada, the MGP and this Proposal represents a real opportunity to have a positive impact in the lives of Aboriginal people and on Aboriginal communities in the NWT.

The funding levels in this proposal represent a small fraction of the tax revenue that will be produced from the MGP. Industry estimates the MGP will generate \$7-9 billion in tax revenue for government. The \$90 million capital contribution sought from Canada represents approximately 1% of this future revenue stream.

The role of the NWTHC in housing delivery in the NWT has been particularly important in Aboriginal communities where there is a need for housing but an absence of private sector capacity or interest to supply. Aboriginal communities are often remote, exist off the road system and are scattered throughout a vast region by vast distances. Accordingly, housing development has largely been undertaken by the NWTHC working with Aboriginal groups and community based organizations on a project-by-project basis. While this approach supports community based delivery it is not a cost effective method of delivering affordable housing and it does not meet the need to bring about wholesale change to the standard of living in NWT Aboriginal communities.

The NWT HC maintains a head office in Yellowknife and works throughout the NWT through a series of District Offices in partnership with 23 local housing organizations. In this sense, the NWT HC is ideally situated to gauge local community need and capacity in delivering housing programs and managing construction requirements. The delivery of 1,420 new homes in NWT communities falls well within the corporate mandate of the NWT HC. The NWT HC has been in the business of delivering homes in northern communities for over 30 years. It has the experience, capacity, qualified people and resources to direct this project through the SPE.

NEEDS/PROBLEMS

The shortage of affordable housing in the NWT implicates all levels of government. It is a particular problem in Aboriginal communities which do not have a private housing sector willing to step in and supply affordable housing. Efforts to deliver 1,420 homes to NWT Aboriginal communities by necessity must involve all levels of government - Federal, GNWT and Community - to create the circumstances and the conditions necessary to produce affordable housing.

Canada has clearly recognized the need to increase the supply of suitable and affordable housing for Aboriginal communities in Canada and particularly in the north. The following quotes serve as testimony to this acknowledgement and support this proposal.

Minister of Indian and Northern Affairs the Honorable Andy Scott, "Aboriginal communities are growing fast; over half the Aboriginal population is under the age of 25. These youth will be key contributors to our workforce and our future leadership. Accordingly, we must continue to strengthen the building blocks of success—health, housing, education, resource sharing and economic development."
Excerpt from "The Bulletin" (March 21, 2005), Minister's update on Aboriginal and Northern Initiatives

Minister of Finance the Honorable Ralph Goodale, "For too long and in too many ways, Canada's Aboriginal people - our first citizens - have been last in terms of opportunity in this country. The Government of Canada is committed to a new relationship, one based on partnership and respect and rooted in economic self-reliance.

This commitment is being vigorously pursued through the Canada-Aboriginal Peoples Roundtable. Federal ministers, together with Aboriginal leaders and provincial and territorial governments, are exploring ways to make progress in such key areas as health, lifelong learning, housing, economic opportunities, land claim settlements and accountability." *Excerpt from Budget Speech 2005, February 23rd 2005*

There were 13,902 occupied dwellings in the NWT at the time of the GNWT 2004 NWT Community Survey. An estimated 4,015 households (29%) had some form of housing problem, while 2,260 households were in core need (16%). Core need is defined as households with at least one housing problem and total household income below the Core Need Income Threshold (CNIT).

Remove the market communities of Yellowknife and Hay River and the extent of the problem in NWT Aboriginal communities becomes very clear. To illustrate this fact consider the housing core need numbers in the following Aboriginal communities: in Fort McPherson-33%; in Paulatuk-35%; in Colville Lake-75%; in Wrigley-50%; in Lutselk'e-46% and in N'Dilo-40%. These numbers constitute a housing crisis requiring bold large scale action in order to correct the problem at both the individual and the community wide level.

A number of observations reached by the MGP in the October 2004 Environmental Impact Statement (EIS) support the findings contained in the 2004 GNWT Community Survey. While the EIS relies on data that is somewhat dated, it reaches conclusions in Volume 6 Section 4 that are troubling and demand government action regarding housing availability and conditions in several aboriginal communities.

According to the EIS: housing in Tuktoyaktuk is almost unavailable; in 2000, 20% of the housing in Tuktoyaktuk was in need of major repair; in Aklavik, housing is limited and 18% of houses needed major repairs; housing in Inuvik is very limited and in 2000, 18% of the housing was in need of major repair; housing in Norman Wells is in short supply; in 2000 11% of the housing in the community was in need of major repair; in Fort Good Hope, housing is limited and about one third needed major repairs in 2000; in Fort Simpson in 2000, 20% of the housing was in need of major repair. It should be noted the communities identified by the EIS in this section will be directly impacted by the MGP during the construction phase.

The EIS concludes that the need for additional community housing will be satisfied through natural market forces. According to CMHC standards, only Yellowknife and Hay River satisfy the criteria to be considered as "market communities". Accordingly, the NWTHC does not support this conclusion preferring to rely on the knowledge it has derived from its 30 plus years experience in delivering housing in Aboriginal communities. It is clear in Aboriginal communities, government intervention in delivering affordable housing is critical in meeting personal and community need. The goal of providing affordable and adequate housing cannot be left to natural market forces as they do not exist in NWT Aboriginal communities. This fact is confirmed by the very historic nature and location of most Aboriginal communities. Isolation, cold climate, natural environment and traditions strongly affect the planning and development of northern communities. Most communities are not connected by year-round roads. The shipping and construction season is short. The climate is harsh and the landscape is easily damaged by human-made changes. While traditional ways of life remain a factor in northern communities the need for modern conveniences and services continues to grow.

Northern communities need new developed land for housing, education, recreation and economic development. The role of NWT communities in land administration is increasing through changes in GNWT delivery of land services and through self-government. It is clear that each community should set aside additional land for air strips, oil storage, dock, water supply, sewage lagoon and landfill site. Most communities not only require additional areas for these essential aspects of healthy communities but also require additional community buildings, offices, and storage and warehouse structures.

Two major factors that impact the demand for housing in the NWT are population growth, overcrowding and aging public housing that requires replacement. The GNWT recently forecasted housing demand based on population impacts from development, the general effect of population growth and pent-up demand from overcrowding². The following GNWT table shows the forecasted cumulative housing demand between 2004 and 2014. Overall, in the NWT it is expected that an additional 3,971 dwellings will be needed to meet housing demand in the next ten years.

²Resource Development Impacts Update, May 2005, NWT Bureau of Statistics

	Total Demand	Demand from Growth	Demand from Crowding
Northwest Territories	3971	2716	1254
Aklavik	6	6	0
Colville Lake	20	11	9
Deline	20	7	13
Detah	21	15	6
Enterprise	13	13	0
Fort Good Hope	20	4	16
Fort Liard	43	25	18
Fort McPherson	21	15	6
Fort Providence	42	16	26
Fort Resolution	14	14	0
Fort Simpson	88	65	23
Fort Smith	215	109	106
Hay River	387	278	109
Hay River Reserve	30	12	18
Holman	24	24	0
Inuvik	380	320	60
Jean Marie River	8	5	3
Kakisa	5	2	3
Lutselk'e	24	6	18
Nahanni Butte	8	5	3
Norman Wells	94	94	0
Paulatuk	37	24	13
Rae-Edzo	202	78	124
Sachs Harbour	0	0	0
Trout Lake	3	1	2
Tsiigehtchic	11	11	0
Tuktoyaktuk	93	42	51
Tulita	47	43	4
Wekweti	18	5	13
Wha Ti	53	21	32
Wrigley	12	5	7
Yellowknife	1985	1426	559

**Incremental Housing Demand from Population Growth and Crowding
Northwest Territories and Communities 2005-20014**

Exclude Yellowknife and Hay River from the above Table and the cumulative housing demand within NWT communities over the next ten years are 1,599 additional new dwellings. This number does not take into account the need to deliver replacement affordable housing. Combine these factors and the need exceeds the projected 1,420 permanent homes available from the MGP.

It is clear that demand for new adequate and affordable housing currently exists in Aboriginal communities in the NWT and will continue in the future. Factors driving this demand for new affordable housing include:

- ◆ population growth;
- ◆ deteriorating public housing stock;
- ◆ overcrowding; and
- ◆ changing demographics.

The 1,420 Novel™ Manufactured Homes from the MGP represent an opportunity to make a positive contribution to housing across Aboriginal communities. The allocation and distribution of the 1,420 permanent homes will be essential elements in a detailed implementation plan to be developed by the NWT HC. With a focus on Aboriginal communities it is apparent that a mixed approach to fully utilize the 1,420 new permanent homes is essential for effective program delivery. The mixed approach recognizes the fact that flexibility must exist in order to satisfy need and to take into account unique community factors. Allocation factors must take into account the following considerations:

- ◆ the chronic and urgent need to improve housing core need numbers by replacing aging and inefficient housing stock;
- ◆ the need to develop additional affordable housing to satisfy population growth within aboriginal communities;
- ◆ the need to provide affordable housing as part of effective subsidized homeownership program delivery within aboriginal communities; and
- ◆ the need to make available and deliver cost recovery housing to accommodate the growing number of people with the economic means to pay for reasonable shelter costs.

Other key determinants in the allocation of the 1,420 new permanent homes will be made on the basis of cross-community need and individual personal need assessment. A review of the 2004 Community Survey and internal NWT HC maintenance reports and application histories suggest the following preliminary allocation might be expected:

- ◆ as replacement housing for aging public housing stock;
- ◆ as additional affordable public housing units;
- ◆ as assisted homeownership housing; and
- ◆ as cost recovery housing.

The primary objective in allocation decisions must be the delivery of increased numbers of affordable houses within communities; and to satisfy the greatest need under a variety of programs designed for maximized impact.

The impact of housing supply, conditions and affordability are particularly critical and problematic in Aboriginal communities. The number of houses needing major repair in Aboriginal communities in the NWT is too high and needs to be reduced. The Core Need numbers from the 2004 Community Survey demonstrate in graphic terms the need to make meaningful change in housing conditions for northern Aboriginal People. It is not possible for the NWT HC to seize this opportunity or to make the meaningful changes that are necessary within current fiscal arrangements and in the era of declining operating and maintenance funding.

A critical component in the delivery and allocation of the 1,420 homes is the need to keep the housing affordable and to satisfy the greatest need. This requires careful measurement of the factors within communities that determine what is affordable and where the need exists. This approach supports equity in distribution and also supports effective program delivery. NWT HC homeownership program delivery is based on several factors including: home costs within each community as construction costs vary from community to community and Core Need Income Thresholds (CNIT's). This important information is monitored and adjusted on an annual basis. These factors contribute to determining affordability for homeownership clients and programs and also need. Current affordability measures available to the NWT HC support the following range and averages by district within aboriginal communities:

- ◆ Beaufort Delta District: Current affordability range for a modest three bedroom bungalow home falls within an income range of: \$79,900 to \$96,600. The average household income required to own and maintain a home without government assistance is \$88,125.
- ◆ North Slave District: Current affordability range for a modest three bedroom bungalow falls within an income range of: \$68,300 to \$81,500 with the average being \$75,271. This does not include Yellowknife.
- ◆ South Slave District: Current affordability range for a modest three bedroom bungalow falls within an income range of: \$55,800 to \$67,500 and the average is \$62,500. This does not include Hay River.
- ◆ Nahendeh District: Current affordability range for a modest three bedroom bungalow falls within an income range of: \$62,200 to \$79,000, with the average being \$66,683.

Given the above stated current ranges within each District, and by taking into account the impact of inflation, and anticipated improvements in the economy from current and future resource development, an affordability factor of \$85,000 is forecasted. This means that a household would require income of \$85,000 to afford modest housing without government assistance.

The NWT HC previously developed an Affordable Housing Strategy to address this problem. While it identifies the problem and the need, fiscal support at the Federal Level is essential to adequately deal with the problem. The MGP represents an economy of scale of such magnitude that in a two to three-year period wholesale positive change could be realized. The current approach with limited resources does not have the impact that is necessary to affect positive community and social change or to meet current and future demand.

Taking into account these factors, the NWT HC has developed a preliminary distribution by community for the Novel™ homes. See Appendix 3 - Community Home Distribution Table. These projections are based largely on the projected population growth tables developed by the NWT Bureau of Statistics. Final decisions on the numbers for each community will be made through community consultations; the number of available developed building lots within communities; the number of qualified buyers; replacement of existing subsidized rentals; and a limited number of market homes for sale or rent by service providers. While incremental population growth and increased crowding conditions are strong indicators of future need within communities it will be necessary to balance current need numbers with future growth. Community based monitoring and consultations will be an important element in the implementation of this project. The NWT HC historic relationship and presence within NWT communities will support this process.

GOALS/OBJECTIVES

- Goal #1: To ensure manufactured workforce housing designed for conversion to residential housing is incorporated in the permanent workforce housing to be established for the MGP.
- Goal #2: To improve housing conditions in the NWT by delivering 1,420 new permanent affordable homes in Aboriginal communities for individuals and families living in response to the following needs and problems:
- ◆ as new homeownership housing to provide housing options for qualified buyers to own their home;
 - ◆ as new housing to meet population growth and demand in northern communities;
 - ◆ as new housing to supply market housing for service providers living and working in northern communities;
 - ◆ as replacement housing for aging public housing in need of major repair or replacement; and
 - ◆ as new public housing to alleviate overcrowding issues common within communities and throughout the NWT.
- Goal #3: To positively impact NWT employment rates and improved opportunities for individuals and local businesses through the delivery of 1,420 homes requiring labour, materials, transportation and site work to complete.
- Goal #4: To develop on a GNWT inter-departmental basis and with community governments, the necessary developed building lots and community infrastructure to support and accommodate the addition of 1,420 new permanent residential homes in NWT communities.

- Goal #5: To monitor, assess and update housing affordability targets for each community relevant at the time of delivery by taking into account contemporary statistical information by community from all available sources including Statistics Canada; the GNWT Statistics Bureau and the NWT HC Core Need Income Thresholds (CNIT's) by community.
- Goal #6: To create synergies between housing and environmental objectives by re-using and optimizing massive quantities of housing materials, therefore respecting and supporting the principles of the Kyoto Protocol.

SCOPE OF WORK

NWTHC staff has completed an assessment of the Novel™ Manufactured Housing design and have inspected the demonstration model for compliance with northern design standards. The following factors have been considered, reviewed and discussed by NWTHC Staff: Area and Space Requirements; Building Components and Systems; review of ATCO drawings - Floor Framing Plans; Roof Framing Plans; Corridor End Wall, Roof and Floor Plug; Typical Cross Sections; Floor Plan Mechanical; wall, ceiling, floor insulation factors and requirements.

The NWTHC continues to work with ATCO on design requirements and has benefited from comments recently submitted by CMHC. The NWTHC is confident the Novel™ Manufactured Home will meet or exceed northern construction requirements and will satisfy generations of homeowners including energy efficiencies and life cycle requirements.

The Scope of Work in terms of product delivery will continue to be developed as the regulatory review process proceeds and a final decision is reached. GNWT inter-departmental planning and community consultations to identify community service requirements, lot development, housing program requirements, allocation factors, training and capacity issues have begun and will continue as the project is confirmed. Client identification, need assessment and community and stakeholder consultation will be an integral part of the implementation planning process which by necessity will be required to focus on maintaining affordability targets. A coordinated plan for effective implementation has been identified as an essential feature of the development plan to be prepared prior to home delivery.

CAPACITY DEVELOPMENT

This proposal supports capacity development within NWT Aboriginal communities at a number of levels. The conversion process requires labour, skilled labour, material supply, manufacturing, transportation services and lot development. The NWT HC and ATCO have recognized the opportunities this project represents for northern workers, communities and business and has developed a concept to engage the whole process from the workforce housing component through to the completion of the conversion process. "Novel™ Life Cycle Management" is another attractive feature of this proposal and offers the hope of greater opportunities for northern workers and communities. Work on this component of the proposal is continuing. The concept involves engaging northern Aboriginal workers in the installation of the workforce housing, in management and maintenance of the work force camp sites; decommissioning of the workforce campsites; transportation to communities and the conversion to permanent homes within the communities. ATCO Frontec Corp., a related company to ATCO, has developed a successful record of partnering with northern Aboriginal corporations and has submitted a concept that would involve northern workers from the beginning of the gas project housing installation through to the community installation of the homes. This is a unique and exciting opportunity to develop capacity and skills within northern communities. See Appendix 5.

TIMETABLE

Initially MGP procurement decisions on workforce housing structures were to be made in 2005. Delays announced by the MGP in the hearing process have pushed this agenda into 2006. Taking into account the EIS; and the delay announcements made by MGP and the projections contained in Appendix 2 this proposal anticipates the following bench mark events:

- ◆ 2005 fall; socio-economic negotiations to continue;
- ◆ 2005 late fall/winter 2006; Joint Review Panel Hearings on the MGP;
- ◆ 2006 MGP to make decisions on procurement of workforce housing;
- ◆ 2006-2007 initial site work to start for pioneer camps to house workers to be followed with permanent camp installation;
- ◆ 2007-2010 primary construction phase, pipeline testing, project completion;
- ◆ 2009-2011 lot preparation; camp decommissioning; delivery of Novel™ housing to begin; and
- ◆ 2011-2013 transportation; home conversion.

A critical factor in the MGP Time Table is the Regulatory Approval Process. This process has been pushed back from the October 2004 filing of the Environmental Impact Statement. It is unlikely a decision will be made on the application in 2005. A decision in 2006 is more likely. The MGP has indicated that a final decision to proceed will only be made following the Regulatory Decision. That being said, however, the procurement work to support the huge demand for supplies and materials to be used in the construction of the pipeline, including the manufactured workforce housing structures, will be made in 2005 and 2006. This leaves a very limited window of opportunity for the federal government and the NWT HC to act decisively to ensure the MGP utilizes the Novel™ Manufactured home product.

INTERESTS & BENEFITS

Converting MGP housing to permanent residential homes in northern communities serves the interests of all levels of government and represents a lasting legacy that will benefit northern communities long after the construction camps have been decommissioned.

1. Interests of Canada:

- ◆ to address chronic housing and social conditions within Aboriginal communities in a direct, timely and very economic manner;
- ◆ to reaffirm the historical relationship between the federal government and Aboriginal people by producing a lasting benefit for northern communities that is consistent with the changing governance reality of the north through Self-government;
- ◆ to develop northern communities in response to concerns over Canadian Sovereignty in the Arctic;
- ◆ to develop infrastructure consistent with the Federal Infrastructure Program equivalent to southern Canadian standards;
- ◆ to develop Employment and Training initiatives through significant job creation and development of job skills supporting greater independence for Aboriginal People; and
- ◆ to promote improved energy efficiencies and reduce negative impacts on the environment.

2. Interests of the Government of the Northwest Territories:

- ◆ to increase the supply of Affordable Housing, particularly in Aboriginal communities;
- ◆ to develop healthy communities through stabilized delivery of affordable housing;
- ◆ to reduce housing core need numbers, particularly in aboriginal communities;
- ◆ to replace aging public housing in Aboriginal communities thereby reducing operating and maintenance costs;
- ◆ to improve community infrastructure and community viability; and
- ◆ to develop community capacity through the creation of a trained workforce in site development and home installation and reconfiguration.

3. Interests of the NWT Aboriginal Communities and Self-Governments:

- ◆ to improve housing conditions within Aboriginal communities;
- ◆ to improve community infrastructure by supporting land assembly and development costs in order to meet affordable housing objectives;
- ◆ to support employment opportunities;
- ◆ to support economic development;
- ◆ to develop community capacity and sustainability; and
 - to encourage and promote healthy life style choices.

4. Interests of the MGP Gas Proponent:

- ◆ to gain Regulatory Approval as quickly as possible;
- ◆ to secure from the GNWT a Socio-Economic Agreement prior to Regulatory Board Hearings;
- ◆ to reduce socio-economic costs;
- ◆ to seek agreement with the GNWT for all structures to remain in the north, including housing and auxiliary buildings (warehouses, offices and garages) thereby reducing the cost burden from decommissioning the permanent camp sites; and
- ◆ to develop a positive position with impacted communities and governments through legacy development.

5. Interests of the Environment

- ◆ re-use and re-cycle 284 workforce housing structures;
- ◆ avoids the potential landfill impact of thousands of tons of decommissioned unmarketable structures and materials;
- ◆ reduces the need for equivalent energy resources and materials to construct equivalent homes across the NWT over the next twenty years; and
- ◆ gives support to the emission objectives outlined in the Kyoto Protocol.

FINANCIAL COST ANALYSIS

Financial Cost Analysis⁶⁷¹The conversion component of the project is identified in Appendix 1. Relevant factors in the field conversion calculations are: architectural/structure; exterior; demolition; interior architectural/millwork; finishes; mechanical and electric Appliances. The more conversion features built into the Novel™ Manufactured dorm unit in the factory the greater degree of efficiencies and cost savings will be experienced during the conversion process. NWT HC staff is working closely with ATCO to pursue all possible internal design features to support field conversion efficiencies and to reduce costs.

Based on the field conversion costing in Appendix 2 the estimated total cost of 1,420 manufactured Novel™ homes is approximately \$255 million dollars.

CASH FLOW PROJECTIONS/FUNDING MODEL

The funding model and cash flow projections presented in Appendix 2 are based on a number of assumptions including the use of the SPE as the vehicle for managing the flow of funding. The SPE concept has been discussed with parties to this proposal and it has support on the basis that it allows all participants to accomplish financial and strategic objectives. Liability to lenders under this proposal for shortfalls from expected cash flows will fall on the GNWT. For this reason the SPE will only take instructions from the GNWT.

The funding flows are based on a combination of lease payments; direct financial contributions and purchase of units by approved buyers. The contribution from Canada is in the form of a “Capital Contribution”. To facilitate national housing goals and objectives the options presented provide flexibility in the timing of the capital contribution.

As mentioned previously the SPE is designed to balance the interests of all the stake holders - public (government and communities); industry and the home owner. An important aspect of this balancing is to ensure the public use of funds is effective and contributes to serving the greatest need while maintaining an affordability factor for the end user/homeowner. The SPE can facilitate the receipt and disbursement of project funding. The SPE provides the means to accommodate the timing interests for the commitment of public funding and also permits the full utilization of tax treatments in relation to asset management.

In support of this model two options have been developed to demonstrate the impact from up-front funding versus funding commitments over a period of time.

Essential to the funding model is the notion that this project requires a commitment from Canada and the GNWT as well as industry while maintaining a realistic affordability/cost factor that serves the interests of final purchasers. Communities can also play a role in maintaining the “affordability factor” by donating the raw land at nil cost and in giving support to block land development initiatives. The ultimate success of this project depends on delivering a home that is affordable for the final purchaser.

For Canada the capital contribution sought in this proposal represents an acknowledgement of the historical commitment to the viability of northern Aboriginal communities and the essential role they play in maintaining Canadian sovereignty in the north. The \$90 million dollar capital contribution by the Government of Canada represents a small portion of the tax revenues to be derived from the MGP. Perhaps the most significant factor, however, is the positive impact to be derived from delivering in a short period of time 1,420 permanent quality built affordable homes to Aboriginal people who desperately need solutions to a housing crisis that is endemic within northern Aboriginal communities. This is an effective use of public funds by taking advantage of economies of scale resulting from this unique concept and the size of the gas project.

For the GNWT, the funding sought represents a continuation of a commitment to improving housing conditions in northern communities. This proposal, however, represents an increase in the order of magnitude of its continuing investment that will produce long term meaningful change within northern Aboriginal communities benefiting future generations. The GNWT will need to fund investments in municipal infrastructure to accommodate this number of new housing units.

In terms of our industry partners the funding sought represents a small portion of the benefits to be derived from the MGP. The development and introduction of conversion style workforce housing appropriate for long term residential use following project completion, represents a legacy benefit to the north that can be used as a model for other projects around the world. It also supports MGP goals and objectives in pursuing and completing this project through establishing a positive benefit for all Aboriginal communities long after the gas project is completed. It also creates a store of immediate goodwill that will be recognized by community based stakeholders throughout the NWT.

NWT communities can make a real contribution to the affordability factor by contributing the value of the raw land as a grant in kind. Consultations towards this end will be developed as part of the planning process. As significant costs have been included in the financial models for land development, communities will also be encouraged to support block land development concepts to further support affordability objectives.

The cost analysis incorporates recoveries from the sale of units and from social housing.

Contributions sought from the stake holders identified in this proposal are as follows:

- ◆ from Canada/CMHC: a capital contribution of \$90 million towards the \$135 million cost to convert the workforce housing into Novel™ homes;
- ◆ from the GNWT: financial support ranging from \$116-129 million depending on the option model;
- ◆ from ATCO: an amount has been assigned that recognizes the value of the investment contributed to developing the Novel™ Manufactured Housing concept; the commitment to support training and capacity development and the commitment to support marketing with model/show homes. Value of contribution attributed: \$10 million;
- ◆ from MGP: \$235 million contribution for the capital cost of the dorm units; transportation; and assembly and decommissioning;
- ◆ from homeowners \$62 to \$70 million depending upon the Option model chosen; and
- ◆ From community governments: efforts will be made to encourage communities to contribute the raw land at nil consideration.

CONCLUSIONS

This proposal is about two things: (1) solving a serious housing crisis in Aboriginal communities throughout the NWT; (2) using public funds effectively to solve this problem while at the same time partnering with industry, communities and residents.

This Proposal is unique; it is bold and innovative in its thinking and it takes advantage of economies of scale and the gas project that will not be experienced again. In terms of value for money this proposal has clearly demonstrated that government goals in improving the lives and living conditions of Aboriginal people in the NWT are well served by this approach.

Up-front funding from Canada is recommended as it maximizes support for key principles of the project: (1) the need to build a financial model that draws upon all levels of government and industry; (2) maintains a reasonable affordability factor for the final buyer. This will satisfy stated national goals to effect meaningful change in housing conditions within Aboriginal communities through the effective use of public funding by building upon a partnership based on government, industry, communities and most importantly the residents and homeowners.

There are four fundamental conclusions that can be made from this proposal. If this project proceeds, it will:

- ◆ dramatically and effectively improve the lives of Aboriginal people and communities throughout the NWT;
- ◆ contribute significant economic benefits to NWT labour, business, manufacturing, transportation and communities;
- ◆ contribute to Alberta and other southern Canadian jurisdictions in supporting the work force housing industry and in giving support to the innovative convertible work force housing concept; and
- ◆ support the ultimate in product recycling by taking workforce housing that otherwise would be surplus to need and converting it to a home in a community where it is needed. This supports effective environmental and conservation measures.

The benefits to be derived from these four conclusions are:

1. Meeting the Housing Needs of Aboriginal Residents in the NWT: An infusion of 1,420 quality homes in the communities will have an enormous impact on the goal of closing the gap between Aboriginal housing conditions and the quality of housing enjoyed by the rest of the population.
2. Economic Activity: it is estimated this project will contribute in excess of \$250 million dollars in economic activity in the Northwest Territories including labour, materials, and transportation and lot development expenditures to complete the conversion of 1,420 Novel™ Homes in northern communities.
3. Labour Component: This project represents approximately 1.2 million person hours of labour required to convert the workforce housing and over \$86 million dollars in wages for northern workers.
4. Capacity Development: the development of local capacity to complete the installation of the workforce housing; the subsequent decommissioning of the camp sites and ultimately the conversion process is an important component of this proposal. The training and development of local workers, skilled trades, and material development will contribute to long term stability within northern communities.
5. Investment and Development: The ATCO Structures Inc. investment in developing the Novel™ Manufactured Housing concept is valued at \$10 million dollars. This investment benefits southern Canadian jurisdictions by providing the opportunity for conversion of similar housing on project completion elsewhere and worldwide.

6. Workforce Housing Component: ATCO Structures Inc. of Calgary, Alberta is a world leader in the manufacture of work force housing. This component of the process would be built in Calgary for shipment to camp sites in the NWT and represents over \$173 million in economic activity in southern jurisdictions.
7. The Environment: This is the ultimate in product recycling. The conversion from workforce housing to permanent homes sustains the product in the north; reduces surplus workforce housing and incorporates energy efficiencies in long term housing.

	Per Unit	Total 1420 Units	
Lot Development	\$30,000	\$42,600,000	
surveys	\$4,000	\$5,680,000	
gravel pad (330 m ³ per unit)	\$19,000	\$26,980,000	
power	\$7,000	\$9,940,000	
Land cost	\$12,090	\$17,167,800	
Total, land and lot development	\$42,090	\$59,767,800	
Conversion: Architectural	\$58,148	\$82,570,160	
Material	\$8,628	\$12,252,406	
Labour Cost	\$49,519	\$70,317,335	
Conversion: Mechanical	\$24,661	\$35,017,978	
Material	\$19,724	\$28,007,722	
Labour Cost	\$4,937	\$7,010,256	
Conversion: Electrical	\$8,174	\$11,607,425	
Material	\$3,383	\$4,803,353	
Labour Cost	\$4,792	\$6,804,072	
Conversion Materials: Freight-Average	\$4,500	\$6,390,000	
Total, conversion costs	\$95,483	\$135,585,563	
Conversion and lot and lot development	\$137,573	\$195,353,363	
<p>Novel Housing Demolition cost includes only the following - removal of equipment not suitable or required, removal of walls and doors, providing for exterior door opening and mechanical penetrations, removal of interior finishes, removal of built-in beds, removal and relocation of closets and interior doors.</p>			
<p>All costs are turn key with the following exceptions for the Novel Housing: 1) Relocation of camp units to communities and 2) Decommissioning of camp units (dismantling of camp unit and environmental remediation)</p>			
<p>Architectural labour cost includes room and board , air fares, mobilization, utility costs, tools and permits.</p>			
<p>Labour rates based on the Sahtu average.</p>			
<p>Additional dorm unit impacts involve the costs of providing additional dorm units due to the difference in configuration between Novel workforce housing and base dorms. Novel workforce housing houses 44 persons. Base dorms house 49 persons. Some 284 workforce housing units would be required by MGP compared to 255 base dorm units.</p>			

Novel Housing Units	NWTCH Design Standards
Estimated cost per square foot: \$100	Estimated cost per square foot traditional construction \$161
<ul style="list-style-type: none"> • Roof/Walls/Exterior: <ul style="list-style-type: none"> - Metal roof - R40 floor - R20 walls - R40 roof - Wood soffit - Built-up wood beam support - durable exterior wall construction (extra layer of sheathing) 	<ul style="list-style-type: none"> • Roof/Walls/Exterior: <ul style="list-style-type: none"> - Shingle roof (25 year replacement) - R40 floor - R27 walls - R40 roof - Metal soffit - Glue laminated wood beam support to screwjack foundation
<ul style="list-style-type: none"> • Useful life not determined (retro 15 yrs.) 	<ul style="list-style-type: none"> • Estimated 25 year useful life (retro 15 yrs.)
<ul style="list-style-type: none"> • Interior: <ul style="list-style-type: none"> - Drywall - Stipple ceilings - 1.75 baths - Oil-fired water heater - No window coverings (unless blinds from camps still usable) 	<ul style="list-style-type: none"> • Interior: <ul style="list-style-type: none"> - Drywall - Stipple ceilings - 1 full bath - oil-fired water heater (except Norman Wells natural gas heaters) - No window coverings
<ul style="list-style-type: none"> • Operating and Maintenance Costs <ul style="list-style-type: none"> - Estimate utility costs (power, fuel, water/sewer) equivalent to NWTCH 4-bdrm stick-built (sq.ft.) * <i>*CMHC and NRCan to do energy efficiency estimate once ATCO specs/drawings made available</i> 	<ul style="list-style-type: none"> • Operating and Maintenance Costs: <ul style="list-style-type: none"> - Estimated \$440/month

Novel™ Project Financial Models and Cash Flow Projections

Two project costs and cash flow models are being presented. Option 1 has been developed on the assumption that a \$90 million Federal contribution towards conversion will be provided in a form of endowment, and may be drawn down by MVPH in 2008. Option 2 assumes the Federal contribution will again be provided in a form of endowment, on the condition that the \$90 million contribution may only be drawn down equally in 2012, 2013 and 2014.

The models have been developed on a conservative basis on the assumption that the Mackenzie Gas Pipeline (MGP) will not fund any premium associated with Novel dorms, nor will MGP attach any residual value to the dorms. The “premium” associated with the Novel dorms is \$41 million. \$26 million represents the factory cost difference between Novel and an equivalent traditional dorm. \$15 million represents the premium for the extra number of dorms IOL will need to purchase, as the Novel dorms are a 44-person configuration as compared to the traditional 49-person dorm.

It should be noted that all assumptions have yet to be negotiated among the parties, including Imperial Oil Ltd. (IOL) and the MGP, which would not preclude IOL and the MGP from contributing to the Novel premium.

In addition to the outright cash contributions by the GNWT, the GNWT is also accepting a high proportion of the risk – the GNWT will assume ultimate responsibility for any shortfalls. Even though the GNWT will try to mitigate this risk as the individual pieces of the deal are negotiated, the GNWT will be assuming a much larger portion of the risk than will the Federal government.

In addition, it is anticipated the GNWT will purchase 25% of the 1420 Novel homes (355) for new Public Housing units for the Northwest Territories Housing Corporation. The financial models do not reflect the ongoing financial impact of these new units to the GNWT. The net present value of the operating costs associated with 355 new units over their useful life exceeds \$100 million.

It should be noted that all costs are being presented at nominal value, and have not been adjusted for time.

A not-for-profit, Special Purpose Entity, Mackenzie Valley Pipeline Housing (MVPH) will be the primary financing vehicle for financing of the Novel housing project.

Financial Model Cash Flows: Specific Assumptions

ATCO Structures’ contribution to the Novel project is that of the investments made to date in research, development and promotional expenditures (\$5 million) and the investments yet to be made to bring the project to reality. R&D is

continuing, with respect to factory modifications and the Deh Cho Bridge project. ATCO Structures have also committed to providing show homes, promotional material, and factory training programs for NWT workers.

The MVPH will purchase the dorms outright from ATCO. MGP will lease the dorms from MVPH at an all-up cost for 255 basic dorms, including capital cost of the dorms, transport, assembly and dismantling. An estimated financing component of 5% has been built into the IOL lease. The financing cost for MGP is not affected by the timing of the CMHC contribution as it is calculated on the basis of the capital cost of the dorms to MGP.

Phase I of the project refers to the period of dorm acquisition, transportation to the Mackenzie pipeline camps, dorm assembly and dismantling. It is assumed MGP will enter into a management agreement for this period (with an entity such as ATCO Frontec), and fully pay for these costs. The cash in/outflows assume an estimated 6% management fee on the total Phase I costs of the project.

Phase II of the project refers to the period involving lot development, dorm relocation and the conversion to Novel homes. A 6% management fee has also been assumed for Phase II. It is assumed Phase II management fee will be fully funded by the GNWT.

The pipeline camps will house 12,500 persons. If MGP uses traditional dorms, 255 will be required; traditional dorms accommodate 49 persons. If MGP uses Novel-convertible dorms, 284 dorms will be required; Novel dorms accommodate 44 persons. Each Novel dorm is convertible into 5 Novel homes (total, 1420 homes from a 284 dorm camp).

The traditional dorm cost is \$518,500 per each. The Novel dorms cost \$610,500. As ATCO R&D continues, and more conversion features are added to the dorm at the factory, the dorm Novel cost may increase with corresponding decrease to the current estimated field conversion costs. It is assumed MGP will only pay the cost of 255 traditional dorms.

The cost for initial dorm transportation and assembly, and subsequent dorm dismantling, is estimated at \$165,000 per dorm. It is assumed 70% will apply to transportation and installation, and 30% to dismantling, as the costs will be incurred at very different times from a cash flow perspective. It is assumed MGP will only pay the transportation, assembly and dismantling costs associated with 255 dorms.

The relocation costs for the dorm units, from the pipeline camps to destination communities, is estimated at \$10,000 per Novel home. Depending on proximity of the camp to the community, the relocation method employed, the availability of appropriate equipment and the condition of winter roads, this figure will change.

Average lot and lot development costs (\$12,090 and \$30,000 respectively) have been based on the costs experienced by the Northwest Territories Housing Corporation in 2004-2005. It is assumed the beneficiary communities will not contribute the lots.

Lots will need to be prepared in advance of arrival of the dorm units in the community. It is assumed 1/3 of the lots will be prepared in 2009, 2010 and 2011 respectively, two years in advance of the dorm units arriving. This will allow for town planning, construction of access roads and power lines, water/sewer works as required, and actual lot preparation (i.e. fill).

It is assumed 1/3 of the dorm units will be moved in each year, 2011, 2012 and 2013 respectively, based on the Economic Impact Statement with some of the camps shutting down starting in 2011. Exact numbers and timing will need to be refined as the regulatory process unfolds and IOL makes its final plans.

In-depth analysis has been carried out by ATCO and the NTHC to determine the estimated cost for on-site conversion to Novel homes (\$95,483 per Novel home). This will be a complex issue to deal with in structuring the GNWT takeout guarantee as the sharing of risk will have to be addressed. If ATCO Frontec undertake project management, they must assume the risk associated with the efficiency with which conversion is done, while the GNWT may have to accept the risk associated with escalating labour rates and materials prices.

The tax implications for the MVPH are detailed in Appendix 2-3 and 2-5. Under Option 1, the Federal contribution is assumed to be taxable in 2014, when conversion costs are fully accounted for. Under Option 2, the Federal contribution is presumed taxable in 2012, 2013 and 2014 as conversion costs incurred in 2011, 2012 and 2013 are accounted for. A 10% depreciation rate has been applied to the dorms. The actual rate permitted by CRA may be as high as 30%. Taxes are assumed to be at 50%. Tax and tax credits are assumed to occur in the year that the taxable net income or loss occurs. In actuality, tax credits and liabilities may occur one year later. The initial credit may also not be paid by Revenue Canada and may only be used to offset future taxes payable. A 5% interest rate is assumed for MVPH borrowing costs.

Under Option 1, the Novel homes will require a sale price of \$116,000; under Option 2, \$131,000. It is assumed 50% of the Novel homes will be privately purchased. On average, 25% of the purchase price on those homes will be funded by the GNWT through the NTHC Expanded Down-payment Assistance Program (EDAP). The remainder of the homes will be purchased by the NTHC for new (25%) and replacement (25%) public housing units. A one-year lag is projected between when the homes arrive in the community (2011, 2012, 2013) and when they are sold (2012, 2013, 2014) to provide for the conversion work.

SUMMARY

APPENDIX 2-1

Option 1 - CMHC \$90m in 2008 and IOL pays no premium
and
Option 2 - CMHC \$90m in 2012-2014 and IOL pays no premium

	Option 1		Option 2	
	House	Total	House	Total
Lot Development	30,000	42,600,000	30,000	42,600,000
Land (local improvements)	12,090	17,167,800	12,090	17,167,800
Conversion labour, materials, freight	95,483	135,585,144	95,483	135,585,144
	<u>137,573</u>	<u>195,352,944</u>	<u>137,573</u>	<u>195,352,944</u>
Premium: on Novel dorm construction	18,400	26,128,000	18,400	26,128,000
Premium: on 29 additional dorm units (284 dorms required rather than 255)	10,589	15,036,522	10,589	15,036,522
	<u>28,989</u>	<u>41,164,522</u>	<u>28,989</u>	<u>41,164,522</u>
Premium: on freight and assembly on 29 additional dorms	2,359	3,349,500	2,359	3,349,500
Premium: on dismantling 29 additional dorms	1,011	1,435,500	1,011	1,435,500
Relocation to communities (at \$5k/dorm unit; \$10k/Novel home)	10,000	14,200,000	10,000	14,200,000
	<u>13,370</u>	<u>18,985,000</u>	<u>13,370</u>	<u>18,985,000</u>
Special purpose entity financing costs	11,972	17,000,000	27,042	38,400,000
Financing fee included in MPG lease	(12,254)	(17,400,000)	(12,254)	(17,400,000)
	<u>(282)</u>	<u>(400,000)</u>	<u>14,789</u>	<u>21,000,000</u>
TOTAL Costs	<u>\$179,650</u>	<u>\$255,102,466</u>	<u>\$194,720</u>	<u>\$276,502,466</u>
CMHC Contribution	(\$63,380)	(\$90,000,000)	(\$63,380)	(\$90,000,000)
Required Selling Price for Novel Home	<u>\$116,000</u>	<u>\$165,102,466</u>	<u>\$131,000</u>	<u>\$186,502,466</u>

Summary of Economic Savings with Novel Project Homes			
(excluding lot and lot development costs)	OPTION 1		OPTION 2
NTHC 2005 average, stick-built construction cost	\$161	psf	\$161 psf
Novel Project Home	\$100	psf	\$111 psf

PROJECT FUNDING (\$mil)		
	OPTION 1	OPTION 2
ATCO	\$10	\$10
MGP	\$235	\$235
Federal Government	\$90	\$90
GNWT	\$116	\$129
Homeowners	\$62	\$70

NOVEL HOUSING PROJECT - Cash Flow Projections
 OPTION 1 - IOL Does Not Pay Premium, and CMHC Funding Received in 2008

APPENDIX 2-2

		CASH OUTFLOWS - Novel™ Project (\$millions)									
		2007 & prior	2008	2009	2010	2011	2012	2013	2014	Future	TOTAL
ATCO Structures	Research & development	10.0									10.0
ATCO Structures	Total dorm unit cost, with premium		173.4								173.4
ATCO Frontec	Freight and assembly		32.8								32.8
ATCO Frontec	Management fee, Phase I (6% of dorm cost, freight, assembly)		6.2	12.4	12.4	12.4					43.4
ATCO Frontec	Dismantle					14.1					14.1
ATCO Frontec	Freight to communities					4.7	4.7	4.7			14.1
ATCO Frontec	Lot and lot development			19.9	19.9	19.9					59.7
ATCO Frontec	Conversion					45.2	45.2	45.2			135.6
ATCO Frontec	Management fee, Phase II (6% of relocation, lot & lot dev, conversion)			1.2	1.2	4.2	3.0	3.0			12.6
Total Outflows		10.0	212.4	33.5	33.5	100.5	52.9	52.9	0.0	0.0	495.7

		CASH INFLOWS - Novel™ Project (\$millions)									
		2007 & prior	2008	2009	2010	2011	2012	2013	2014	Future	TOTAL
ATCO Structures	Research & development	10.0									10.0
MGP	Unit lease -base			58.1	58.1	58.1					174.3
	-financing			8.7	5.8	2.9					17.4
	Management fees, Phase I		6.2	12.4	12.4	12.4					43.4
CMHC			90.0								90.0
GNWT	Phase II management fee			1.2	1.2	4.2	3.0	3.0			12.6
GNWT	-homeowner (EDAP Assistance, 25%)						6.9	6.9	6.9		20.7
Homeowner	-homeowner (mortgage proceeds, 75%)						20.6	20.6	20.6		61.8
GNWT/NTHC	-public housing						27.5	27.5	27.5		82.5
Total Inflows		10.0	96.2	80.4	77.5	77.6	58.0	58.0	55.0	0.0	512.7

		Net Cash Flow - Novel Project (\$millions)									
		2007	2008	2009	2010	2011	2012	2013	2014	Future	TOTAL
	Cash Outflows	10.0	212.4	33.5	33.5	100.5	52.9	52.9	0.0	0.0	495.7
	Cash Inflows	(10.0)	(96.2)	(80.4)	(77.5)	(77.6)	(58.0)	(58.0)	(55.0)	0.0	(512.7)
	Net cash outflow (inflow)	0.0	116.2	(46.9)	(44.0)	22.9	(5.1)	(5.1)	(55.0)	0.0	(17.0)
	Cumulative cash position	0.0	116.2	69.3	25.3	48.2	43.1	38.0	(17.0)		
	Cumulative cash position after taxes*		116.2	69.3	25.3	48.2	43.1	38.0	(17.0)		
	Financing cost	0.0	5.8	3.5	1.3	2.4	2.2	1.9			17.0
	Financing cost, including income taxes		5.8	3.5	1.3	2.4	2.2	1.9			17.0

Assumes average Novel home selling price of \$116,000

SPECIAL PURPOSE ENTITY - MVPH
Option 1
Taxable Revenue, Deductible Expenses, Income Taxes Payable

APPENDIX 2-3

Income tax entries - MVPH (\$millions)

Deductible expenditures	2008	2009	2010	2011	2012	2013	2014	TOTAL
Dorm unit amortisation	17.3	17.3	17.3	17.3	17.3	17.3		103.8
Freight and assembly	32.8							32.8
Management fee, Phase I	6.2	12.4	12.4	12.4				43.4
Dismantle				14.1				14.1
Freight to communities				4.7	4.7	4.7		14.1
Land development		19.9	19.9	19.9				59.7
Conversion				45.2	45.2	45.2		135.6
Management fee, Phase II		1.2	1.2	4.2	3.0	3.0		12.6
MVPH borrowing costs	5.8	3.5	1.3	2.4	2.2	1.9		17.0
Write off units							69.6	69.6
	<u>62.1</u>	<u>54.3</u>	<u>52.1</u>	<u>120.2</u>	<u>72.4</u>	<u>72.1</u>	<u>69.6</u>	<u>502.7</u>
Taxable revenue	2008	2009	2010	2011	2012	2013	2014	TOTAL
MGP Unit lease & Phase I management fees	6.2	79.2	76.3	73.4				235.1
CMHC contribution accounted-for (taxable)							90.0	90.0
GNWT Phase II management fees	0.0	1.2	1.2	4.2	3.0	3.0	0.0	12.6
Sale of Units					55.0	55.0	55.0	165.0
							-	
Total Inflows	<u>6.2</u>	<u>80.4</u>	<u>77.5</u>	<u>77.6</u>	<u>58.0</u>	<u>58.0</u>	<u>145.0</u>	<u>502.7</u>
Summary	2008	2009	2010	2011	2012	2013	2014	TOTAL
Deductible expenses	(62.1)	(54.3)	(52.1)	(120.2)	(72.4)	(72.1)	(69.6)	(502.7)
Taxable income	<u>6.2</u>	<u>80.4</u>	<u>77.5</u>	<u>77.6</u>	<u>58.0</u>	<u>58.0</u>	<u>145.0</u>	<u>502.7</u>
Net taxable income	<u>(55.9)</u>	<u>26.1</u>	<u>25.4</u>	<u>(42.6)</u>	<u>(14.4)</u>	<u>(14.1)</u>	<u>75.4</u>	<u>(0.0)</u>
Tax payable (credit)	(28.0)	13.1	12.7	(21.3)	(7.2)	(7.1)	37.7	(0.0)
Cumulative tax payable (credit)	(28.0)	(14.9)	(2.2)	(23.5)	(30.7)	(37.7)	(0.0)	

NOVEL HOUSING PROJECT - Cash Flow Projections
OPTION 2 - IOL Does Not Pay Premium, and CMHC Funding Received in 2012 to 2014

APPENDIX 2-4

		CASH OUTFLOWS - Novel Project (\$millions)									
		2007 & prior	2008	2009	2010	2011	2012	2013	2014	Future	TOTAL
ATCO Structures	Research & development	10.0									10.0
ATCO Structures	Total dorm unit cost, with premium		173.4								173.4
ATCO Frontec	Freight and assembly		32.8								32.8
ATCO Frontec	Management fee, Phase I (6% of dorm cost, freight, assembly)		6.2	12.4	12.4	12.4					43.4
ATCO Frontec	Dismantle					14.1					14.1
ATCO Frontec	Freight to communities					4.7	4.7	4.7			14.1
ATCO Frontec	Lot and lot development			19.9	19.9	19.9					59.7
ATCO Frontec	Conversion					45.2	45.2	45.2			135.6
ATCO Frontec	Management fee, Phase II (6% of relocation, lot & lot dev, conversion)			1.2	1.2	4.2	3.0	3.0			12.6
	Excludes Financing cost (see below, line 50)										
Total Outflows		10.0	212.4	33.5	33.5	100.5	52.9	52.9	0.0	0.0	495.7

see below

		CASH INFLOWS - Novel Project (\$millions)									
		2007 & prior	2008	2009	2010	2011	2012	2013	2014	Future	TOTAL
ATCO Structures	Research & development	10.0									10.0
MGP	Unit lease -base			58.1	58.1	58.1					174.3
	-financing			8.7	5.8	2.9					17.4
	Management fees, Phase I		6.2	12.4	12.4	12.4					43.4
CMHC							30.0	30.0	30.0		90.0
GNWT	Management fees, Phase II			1.2	1.2	4.2	3.0	3.0			12.6
GNWT	-homeowner (EDAP Assistance, 25%)						7.8	7.8	7.7		23.3
Homeowner	-homeowner (mortgage proceeds, 75%)						23.3	23.3	23.2		69.8
GNWT/NTHC	-public housing *						31.1	31.1	31.1		93.3
Total Inflows		10.0	6.2	80.4	77.5	77.6	95.2	95.2	92.0	0.0	534.1

		Net Cash Flow - Novel Project (\$millions)									
		2007	2008	2009	2010	2011	2012	2013	2014	Future	TOTAL
Cash Outflows		10.0	212.4	33.5	33.5	100.5	52.9	52.9	0.0	0.0	495.7
Cash Inflows		(10.0)	(6.2)	(80.4)	(77.5)	(77.6)	(95.2)	(95.2)	(92.0)	0.0	(534.1)
Net cash outflow (inflow)		0.0	206.2	(46.9)	(44.0)	22.9	(42.3)	(42.3)	(92.0)	0.0	(38.4)
Cumulative cash position		0.0	206.2	159.3	115.3	138.2	95.9	53.6	(38.4)		
Cumulative cash position after taxes*			206.2	159.3	115.3	138.2	95.9	53.6	(38.4)		
Financing cost		0.0	10.3	8.0	5.8	6.9	4.8	2.7			38.4
Financing cost, including income taxes			10.3	8.0	5.8	6.9	4.8	2.7			38.4

Assumes average Novel home selling price of **\$131,000**

**SPECIAL PURPOSE ENTITY - MVPH
Option 2**

APPENDIX 2-5

Taxable Revenue, Deductible Expenses, Income Taxes Payable

Income tax entries - MVPH (\$millions)								
	2008	2009	2010	2011	2012	2013	2014	TOTAL
Deductible expenditures								
Dorm unit amortisation	17.3	17.3	17.3	17.3	17.3	17.3		103.8
Freight and assembly	32.8							32.8
Management fee, Phase I	6.2	12.4	12.4	12.4				43.4
Dismantle				14.1				14.1
Freight to communities				4.7	4.7	4.7		14.1
Land development		19.9	19.9	19.9				59.7
Conversion				45.2	45.2	45.2		135.6
Management fee, Phase II		1.2	1.2	4.2	3.0	3.0		12.6
MVPH borrowing costs	10.3	8.0	5.8	6.9	4.8	2.7		38.4
Write off units							69.6	69.6
	<u>66.6</u>	<u>58.8</u>	<u>56.6</u>	<u>124.7</u>	<u>75.0</u>	<u>72.9</u>	<u>69.6</u>	<u>524.1</u>
Taxable revenue								
MGP Unit lease & Phase I management fees	6.2	79.2	76.3	73.4				235.1
CMHC contribution accounted-for (taxable)							90.0	90.0
GNWT Phase II management fees		1.2	1.2	4.2	3.0	3.0		12.6
Sale of Units					62.2	62.2	62.0	186.4
							-	-
Total Inflows	<u>6.2</u>	<u>80.4</u>	<u>77.5</u>	<u>77.6</u>	<u>65.2</u>	<u>65.2</u>	<u>152.0</u>	<u>524.1</u>
Summary								
Deductible expenses	(66.6)	(58.8)	(56.6)	(124.7)	(75.0)	(72.9)	(69.6)	(524.1)
Taxable income	6.2	80.4	77.5	77.6	65.2	65.2	152.0	524.1
Net taxable income	<u>(60.4)</u>	<u>21.6</u>	<u>20.9</u>	<u>(47.1)</u>	<u>(9.8)</u>	<u>(7.7)</u>	<u>82.4</u>	<u>(0.0)</u>
Tax payable (credit)	(30.2)	10.8	10.5	(23.6)	(4.9)	(3.8)	41.2	(0.0)
Cumulative tax payable (credit)	(30.2)	(19.4)	(8.9)	(32.5)	(37.4)	(41.2)	(0.0)	

***Projected Novel™ Manufactured Home Community Distribution Table
October 2005***

	Demand from Growth	Demand from Crowding	Allocation
Aklavik	6	0	6
Colville Lake	11	9	20
Deline	7	13	20
Detah	15	6	21
Enterprise	13	0	13
Fort Good Hope	4	16	20
Fort Liard	25	18	43
Fort McPherson	15	6	21
Fort Providence	16	26	42
Fort Resolution	14	0	14
Fort Simpson	65	23	88
Fort Smith	109	106	215
Katlodeeche	12	18	30
Holman	24	0	24
Inuvik	320	60	255
Jean Marie River	5	3	8
Kakisa	2	3	5
Lutselk'e	6	18	24
Nahanni Butte	5	3	8
Norman Wells	94	0	66
Paulatuk	24	13	37
Rae-Edzo	78	124	202
Sachs Harbour	0	0	0
Trout Lake	1	2	3
Tsiigehtchic	11	0	11
Tuktoyaktuk	42	51	93
Tulita	43	4	47
Wekweti	5	13	18
Wha Ti	21	32	53
Wrigley	5	7	13

Notes:

- 1) Source: Resource Development Impacts Update, May 2005, NWT Bureau of Statistics
- 2) Factors that will influence final distribution decisions are: location and number of qualified homeowners; changing core need to be monitored; community consultations.



REFERENCES

The connection between individual and community wellness to adequate and affordable housing is well documented. The following list of research documents outlines the association between housing and population health, safety, child development, and education.

1. **Indian and Northern Affairs Canada. 1996. *Report of Royal Commission on Aboriginal People.***
http://www.ainc-inac.gc.ca/ch/rcap/sq/sqmm_e.html

“The homes where people are trying to raise families, the water they drink daily, a quiet place for study – these things are vital to health and happiness. Judging by their statements and resolutions at regional and national meetings, Aboriginal leaders recognize that adequate housing and living conditions are vital to solving many other social, economic and political problems. They know that in many rural, remote and northern Aboriginal communities, substandard housing and community services are among the chief contributors to difficulties with health, morale, safety and the environment. These problems in turn create division and sap the capacity to act collectively and decisively. Aboriginal people see housing improvements as means of simultaneously increasing control over their own lives, developing increased capacity to manage complex programs and businesses, providing meaningful jobs, sustaining Aboriginal lifestyles, cultures, and generally better health, and strengthening Aboriginal communities.”

“The current state of Aboriginal housing and community services poses acute threats to health. Diseases spread by inadequacies of water, sanitation and housing (tuberculosis and infections, for example) are more common among Aboriginal people than among non-Aboriginal people.”

2. **Public Health Agency of Canada. 2002. *Housing as a Determinant of Health.***
http://www.phacaspc.gc.ca/ph/phdd/overview_implications/09_housing.html

“In 1986, the Ottawa Charter for Health Promotion (WHO, 1986) recognized shelter as a basic prerequisite for health. It is only recently however, that researchers and policy-makers have focused on housing as an important determinant of health. Housing insecurity can be determined



by various indicators, including the number of people who sleep in the streets, use temporary shelters, live in substandard dwellings, and who spend more than 30% of their income on housing”.

“A lack of adequate, affordable housing can aggravate other problems associated with low income. As discussed above, individuals and families who are forced to spend a disproportionate amount of their income on rent often face food insecurity and possible malnutrition, and are unable to participate in healthy community activities such as active recreation and children’s social programs. There is little or no money left for transportation to work and for clothing and school supplies”.

3. **Cooper, Merrill. 2001. *Housing: A Child’s Issue*. Canadian Policy Research Network.**
<http://www.cprn.com/en/doc.cfm?doc=176>

“Safe, stable and secure housing is vital to all aspects of children’s health and development. As shown in the research reviewed here and produced from the ‘National Longitudinal Survey on Children and Youth’ and other studies, the achievement of each of the four NCA goals is intrinsically related to housing. Moreover, housing intersects with other factors that bear on good child outcomes. The quality, cost, tenure, and stability of housing, along with the neighborhoods and communities in which children reside, all play a role in the achievement of desired outcomes in the areas of health, safety, education, and social engagement.”

“Inadequate housing, frequent relocation, and financial instability cause parental stress, which can contribute to dysfunctional family relationships. In turn, dysfunctional family relationships can result in domestic violence, separation and divorce, all of which have been identified as among the most common reasons for frequent moves and housing disruptions.”

4. **Moloughney, Brent. 2004. *Housing and Population Health – The State of Current Research Knowledge*. Ottawa: Canadian Institute for Health Information.**
http://secure.cihi.ca/cihiweb/dispPage.jsp?cw_page=PG_284_E&cw_topic=284&cw_rel=AR_1129_E

“Housing influences the air that one breathes, the amount of individual space, the schools children go to, the financial pressures on the household budget, the availability of recreational space, and the safety and supportiveness of one’s surroundings. These many interactions



between housing and people's lives provide a multitude of ways that housing could affect health."

5. **Bassuk, Ellen L. and Ellen M. Gallager. 1990. The Impact of Homelessness on Children. *Child and Youth Services* 14 (1): 19-33. <http://webpage.pace.edu/yrafferty/yvonne/Rafferty1991AmPsychol.pdf>**

"This article reviews and critiques community-based research on the effects of homelessness on children. Homeless children confront serious treats to their ability to succeed and their future well-being. Of particular concern are health problems, hunger, poor nutrition, developmental delays, anxiety, depression, behavioral problems, and educational underachievement. Factors that may mediate the observed outcomes include inadequate shelter condition, instability in residences and shelters, inadequate services, and barriers to accessing services that are available. Public policy initiatives are needed to meet that needs of homeless children."

6. **Canadian Public Health Association. 1997. *Position Paper on Homelessness and Health*. Ottawa: Canadian Public Health Association <http://www.cpha.ca/english/policy/pstatem/homeles/page1.htm>**

"If homelessness were only a matter of some people lacking shelter and of some living in substandard shelter, health workers and advocates might well consider homelessness to be merely a social concern. The reality of homelessness in Canada, however, is intimately linked to health status, in that ill health predisposes to homelessness, and adverse health effects and particular health needs follow on from homelessness.

Central to the links between health and homelessness is the notion of equity. The WHO has explicitly recognized the role of shelter in its definition of health, and Canada has ratified several international conventions making reference to links between health and shelter, including the United Nations Convention on the Rights of the Child."



7. **Begin, Patricia. 1996. *Homelessness in Canada*. Ottawa: Library of Parliament Research Branch.**
<http://www.parl.gc.ca/information/library/PRBpubs/prb991-e.htm>

“It is obvious that the main barrier to good health among the homeless is their lack of the adequate, safe, accessible and affordable housing that is linked to employability, community support, personal health care and access to health services.”

8. **Government of British Columbia. 2001. *The Relationship between Homelessness and the Health, Social Services and Criminal Justice Systems: A Review of the Literature. Homelessness – Causes & Effects. Volume 1.***
<http://www.mcaaws.gov.bc.ca/housing/homeless/vol1.htm>

“The literature demonstrates that there is a strong relationship between homelessness and the health care, social services and criminal justice systems. People who do not have safe, secure, affordable shelter have more health problems than the general population, experience social problems that may be exacerbated by their lack of shelter, and are more likely to become involved in criminal activity than the general public.”

“Research confirms (though the number of studies is limited) that preventative measures are more cost-effective than the status quo. Issues arising from homelessness are more costly to deal with after the fact than if homelessness were prevented in the first place. It is essentially a problem of “pay now or pay later”. Studies indicate that better access to supportive housing is cost effective and far less expensive than other alternatives such as hospital beds, shelters, and jails.”

ATCO Frontec Novel Life Cycle Management

ATCO Frontec is a facilities management and site services company that has experience at providing services in harsh environments throughout the world.

In order to protect the NWT Housing Corporation's investment in the Novel units, ATCO Frontec proposes to manage the life cycle of the units from the time they leave the ATCO Structures factory as camp units until they are converted to housing in the communities. The specific phases in the life cycle of the Novel units that ATCO Frontec would manage are:

1. Transportation from the factory and installation at the MGP camp sites
2. Operation and maintenance of the camps
3. Decommissioning and removal of the camp units
4. Transportation of the Novel units to the building sites within the communities
5. Installation of the units on a building site and conversion to housing.

Through each step of the process ATCO Frontec will optimize the use of Northern and aboriginal people and resources. Depending on the circumstances of each location this may involve direct hiring of local people, contracting the services of local business, or setting up joint ventures with local business. Key to this process will be the training and development of the local people to create the required skills within the local communities. For example ATCO Frontec would propose to use the camp operation and maintenance phase as an opportunity to utilize local trades to do the work and at the same time train them on the unique properties of the Novel product and the requirements for conversion. ATCO Frontec has already established a relationship with Norterra, an aboriginal company, to offer logistics management services.

ATCO Frontec has established a reputation for being a trustworthy partner through its numerous aboriginal joint venture partnerships, developed throughout Canada's North. This is best illustrated by the fact that over 50% of ATCO Frontec's revenue originates from successfully managed aboriginal joint partnerships. These aboriginal alliances involve operations that span the North – from Alaska to Labrador. ATCO Frontec's operating philosophy encourages the development of community capacity, thereby helping northerners successfully partake in economic opportunities relating to the construction, operation and maintenance of a northern pipeline.

ATCO Frontec was one of the driving forces behind development of the Pipelines Operations Training Committee, chaired by Imperial Oil, co-chaired by ATCO Frontec and involving numerous other industry stakeholders (including the APG).

This training initiative will ensure that northern Aboriginal people can benefit from the limited long-term, locally based jobs required for the operation of a northern gas pipeline

Specific Examples of ATCO Frontec's track record for training and capacity building of aboriginal people are as follows:

Tli Cho Logistics – (50% aboriginal employment)

ATCO Frontec is committed to developing aboriginal businesses not just transfer of trades and technical skills. At the heart of this commitment is the transfer of business skills to its aboriginal partners as part of the ongoing evolution of its joint venture partnerships. This is well illustrated through the solid relationship between ATCO Frontec and the Dogrib Rae Band. This has resulted in mutually beneficial learning opportunities since establishing the partnership in 1999. Today the Dogrib have developed sufficient business and management skills that they were able to purchase ATCO Frontec's interest in the joint venture and operate it as an independent aboriginal owned and managed entity.

Nasittuq – 18% Aboriginal Employment

Nasittuq Corporation is a joint venture between Pan Arctic Inuit Logistics Corporation (PAIL) and ATCO Frontec Corp. PAIL is an organization wholly owned by seven shareholder corporations representing Canada's Inuit community. These organizations include: Labrador Inuit Development Corporation, Makivik Corporation, Nunasi Corporation, Inuvialuit Development Corporation, Qikiqtaaluk Corporation, Sakku Investments Corporation and Kitikmeot Corporation.

The PAIL/ATCO Frontec joint venture Inuit Training Program was successfully launched in the spring of 1995 when the first group of twenty Inuit trainees joined the program. Since then, other trainees have entered the program as additional training positions became available and as an impressive number of trainees "graduated" from the program into employment related to the NWS or with other employers. The primary objective of the Training Program is to provide Inuit individuals with new job skills and the specific qualifications necessary to work in this challenging environment.

Training is provided to the trainees in an on-the-job setting at the various NWS locations. In addition, there is a requirement for internal and external training courses as stipulated within each trainee's individual training plan. Under the training program, trainees receive specialized training in over twenty areas of NWS job-related skills. A detailed training plan is developed for each position in which Inuit trainees are enrolled. The various training plans show the type of training to be received, the location where the training is provided, and the qualifications necessary for that training position. Training positions generally have a twelve month term but may be extended for the more technical positions as well as positions filled on a "rotational" basis (i.e., where the trainee worked a

number of weeks on the job followed by a number of weeks off the job). The current objective of the training program, as well as the recently introduced enhanced career development program, is to more than double the existing number of aboriginal NWS employees. The training program is designed to bring individuals to entry-level status while doing on-the-job training whereas the development program (apprenticeship) is designed to work towards a more senior level status and requires on-the-job training with a qualified journeyman. There is also a designation or certificate to complete at the end of the development program. As Nasittuq looks to the future, the training program will act as a springboard into the development program to create more senior technical level skills and ultimately further employment opportunities for Nasittuq's Inuit employees.

Nasittuq has an Aboriginal Scholarship Program. The scholarship is for \$1,000.00 and is open to those entering into their first year of college/university in the areas of Electrical Engineering, Computer Science, Environmental Studies, Aboriginal Studies and Business Administration disciplines.

Torngait Services Inc – (64% aboriginal employment)

TSI is a joint venture with the Labrador Inuit Development Corp and provides logistics and site services to projects in Labrador. The joint venture provided support services to the Voisey's Bay Nickel project. TSI has an established aboriginal training program that provides a combination of formal and on the job training and mentoring for aboriginal people to develop the skills and education required for continued employment in the industry. TSI supplied and installed the 155,000 sq ft permanent accommodation facility. For the construction of this facility TSI augmented its regular training program by sending 14 aboriginals with varying skill levels to the manufacturing facility where the camp was being built. These people worked on the manufacturing line and learned additional skills and techniques associated with prefabricated camps that they were then able to use during the on site installation of the camp.

Uqsuq – (56% aboriginal employment)

Uqsuq operates the bulk fuel storage facility and pipeline distribution system in Iqaluit, Nunavut including services to manage annual tanker bulk fuel re-supply, provide continuous quality control, oversee inventory and environmental management, co-ordinate bulk fuel distribution and complete airport refueling operations. Uqsuq has an aboriginal training program consisting of formal courses as well as on the job training including safety, environmental, fuel handling, and truck driving. In addition to these trade skills Uqsuq has also provided some of its employees with training to develop their supervisory skills.

Throughout the years since 1988, ATCO Frontec has gained much experience in partnering on many committees with colleges to assist in developing and or to participate in electronics training, petroleum operations training, courseware to enhance existing in-house training as well as the Apprenticeship trades training.

ATTACHMENT 5

**NORTHERN
HOUSING
STRATEGY**



“Inadequate and overcrowded housing ... can contribute to social and health problems, such as sickness, marriage breakdown, alcoholism, and child abuse. The financial results can be measured in terms of higher costs of health care, social assistance benefits, policing, and penitentiary service. Solving housing problems ... could reduce the cost of health services and social assistance by improving social and health standards.”

- Auditor General of Canada, 1991

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INTRODUCTION

The difficulty many northerners experience in securing adequate and affordable housing has long been a critical issue in the Northwest Territories (NWT). The housing crisis especially impacts Aboriginal persons who make up over half of the population of the NWT and comprise more than 90% of persons accessing government-subsidized housing.

Unique social and economic factors of the North have created a society heavily dependent on subsidized social housing. In small northern communities, social housing funded by the federal and territorial governments comprises the greater part of the housing stock. The federal government withdrawal from public housing and transfer of all financial commitments to the provinces and territories has had a substantial effect on those most in need in the NWT, and has also put undue stress on the territory's health and education system, as well as other social support infrastructures.

The federal government has acknowledged that the NWT, along with its Yukon and Nunavut territorial neighbours, has different needs than the provinces. For a variety of reasons, including a lack of infrastructure, a small, scattered population, an elevated cost of living, a harsh northern climate, and the prevalence of higher rates of social ills, the NWT is unable to provide its residents with the same standards of living as the rest of Canada given the same proportion of funding. Adequate housing is a basic need of every human being, a need that is not solely for survival, but is crucial for supporting community development and promoting healthy lifestyles.

The challenges involved in the provision of housing in the NWT are recognized by the GNWT in its strategic plan where one of the goals listed is the availability of housing that is affordable, adequate and suitable. As well, the GNWT is committed to promote partnerships where possible to make available vacant land to build affordable housing and infrastructure. The Northern Strategy, with a set of objectives and goals to realize a northern vision, will involve bilateral activities of the GNWT and federal government. This paper presents a Northern Housing Strategy that is a component of that overall initiative.

The Northern Housing Strategy is directed towards developing solutions to the significant challenges of delivering housing in the North. This paper provides a background of the Northwest Territories Housing Corporation's (NWTHC) involvement in the provision of housing, an environmental scan of factors affecting housing in the NWT, a review of the barriers to affordable housing, and a number of immediate priorities that need to be addressed.

THE NORTHWEST TERRITORIES HOUSING CORPORATION

The NWT HC is a Crown Corporation created in 1974 to carry out the recommendations of the 1972 NWT Council Task Force on Housing. These recommendations focused on promoting the availability of adequate, affordable housing in order to create a foundation for the economic, social and political development of the NWT. Equipped with a small staff in Yellowknife and a handful of field workers placed throughout the regions, the NWT HC concentrated its activities on alleviating the serious overcrowding problems and the inadequate maintenance of the existing Northern Rental units. From 1974, the primary motivation of the NWT HC has been to make use of *National Housing Act* funds, through CMHC, to build as many public housing rental units as possible, in order to meet the demands of overcrowding and to replace the inadequate Northern Rental units.

The NWT HC has since expanded to include a wide variety of programs and services in the areas of Public Housing, Homeownership, and Market Housing Development. The Housing Corporation works in collaboration with 22 Local Housing Organizations (LHOs) to administer two main business areas:

a) Social Housing

The Corporation provides financial, administrative, maintenance, construction and repair support to communities so they can deliver subsidized rental housing to residents in need. Commencing in 2005/06, contribution funding will be provided to 23 local housing organizations on behalf of the Department of Education, Culture, and Employment for the administration of 2,344 subsidized rental housing units. Some of these homes were built in partnership with the CMHC, while others are leased from the private sector. These homes are operated and maintained by LHOs under a management agreement with the Housing Corporation, with funding provided by the GNWT and CMHC. In addition, the Corporation provides funding to the LHOs for repair initiatives.

Public housing includes units for families, single persons and senior citizens, and is supplied through:

- ◆ New construction;
- ◆ Rent supplement;
- ◆ Rehabilitation of existing Northern Rental units; and
- ◆ Acquisition of existing units.

Public housing programs are available to NWT residents who are unable to secure adequate or suitable shelter without spending more than 30% of their gross household income on housing.

Through assisted Homeownership and Financing programs, the Corporation assists social housing clients who are eligible homeownership candidates and can afford the costs of homeownership. The Corporation has a variety of programs geared to assist clients of various income levels and need. These programs include repair programs, two of which are targeted directly at assisting seniors. The Homeownership program has a substantial positive impact on local economies. Economic benefits from home construction and home purchases add jobs and provide secondary benefits to community contractors, suppliers, retail outlets, hotels and other community businesses. Homeownership programs include:

- ◆ Expanded Downpayment Assistance Program;
- ◆ Independent Housing Program;
- ◆ Senior Citizens Home Repair Program;
- ◆ Supported Lease Program;
- ◆ Sale of Public Housing Initiative;
- ◆ Sale of Housing Materials Program;
- ◆ Elders on the Land Initiative;
- ◆ Seniors and/or Disabled Preventative Maintenance Initiative;
- ◆ Pile Repair Initiative;
- ◆ Loan and Corporate Program;
- ◆ Mortgage Assistance Program;
- ◆ Home Adaptations for Seniors Independence (CMHC cost-shared);
- ◆ Residential Rehabilitation Assistance Program (RRAP)(CMHC cost-shared);
 - RRAP for Persons with Disabilities
 - Homeowner RRAP
 - Rental RRAP
- ◆ Emergency Repair Program(CMHC cost-shared); and
- ◆ Shelter Enhancement – Renovation (CMHC cost-shared).

The NWT HC's Homeownership programs have the potential to contribute greatly to the NWT economy at the community level. Economic benefits from home construction and home purchases add jobs and provide secondary benefits to community contractors, suppliers, and other community establishments.

b) Market Housing

The Corporation is committed to assisting with the development of private market housing in both taxed based and non-tax-based communities. By working with municipal leaders and the business community, the Corporation can continue its research and efforts to identify barriers to private market development. In addition, working with industry partners will allow the Corporation to identify solutions that will work to develop housing markets. The two areas of the private market that the Corporation will focus on include:

- i. Increasing the supply of private market rental units; and
- ii. Increasing the supply of private market homeownership units.

The Housing Corporation, through joint initiatives, assists to obtain housing units for professionals needed in the communities. Through cooperative efforts, the Corporation has supported communities with their goal of providing units so that professionals can be recruited and retained. The ability to retain professionals, such as teachers and nurses, plays a key role in the development, health and well being of communities.

The Housing Corporation works with communities to ensure there is affordable land available for housing development.

ENVIRONMENTAL SCAN

Housing Needs

The 2004 NWT Community Survey shows that there were 2,260 NWT households in need of some form of housing assistance, a decrease of 460 from the 2000 Housing Needs Survey. While the percent of households in core need has decreased from 20 percent in 2000 to 16 percent, most communities still face significant housing pressures. If Yellowknife is removed from the calculations the remaining NWT communities have approximately 22 percent of households in need. Further, some 20 out of 32 communities in NWT have over 30% of their households in core need (see Table 1).

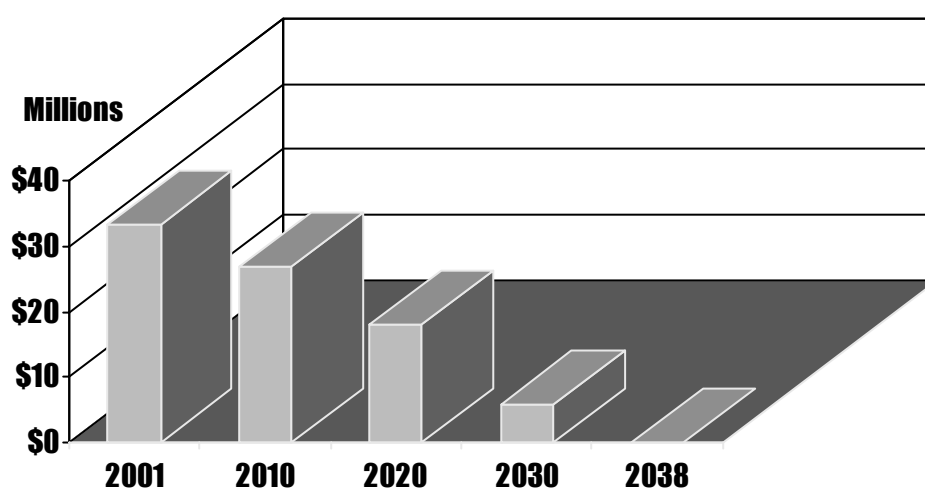
Table 1: NWT Communities over 30% Core Need

Colville Lake	76%	Tulita	36
Wrigley	50	Kakisa	36
Nahanni Butte	47	Wha Ti	36
Lutsel K'e	46	Paulatuk	35
Deline	42	Hay River Reserve	35
N'dilo	40	Fort Resolution	34
Jean Marie River	38	Fort McPherson	33
Fort Good Hope	37	Aklavik	32
Rae-Edzo	37	Tuktoyaktuk	32
Sachs Harbour	36	Fort Liard	32

Declining CMHC Funding

The federal government unilaterally eliminated support for the existing portfolio as the funding agreements expired. Under the 1999 CMHC-NWTHC Social Housing Agreement (SHA), Federal funding declines annually until it reaches zero in 2038 (see Figure 1). Similar agreements were established with all other jurisdictions across Canada. The GNWT will need to dispose of public housing units if further funding is not identified for their operations and maintenance.

Figure 1: Declining CMHC Funding by Year



Economics

The increased economic activity throughout the NWT in the areas of mineral exploration, such as diamond mining and a resurgence of other mining activities, has created a very healthy economic outlook for the Territory. Coupled with this rapid growth and the accompanying employment opportunities comes a shortage of private rental and homeownership options. This effect has been especially felt in Regional centers such as Yellowknife and Inuvik.

Migration of residents from smaller to larger communities to access employment and education opportunities;

Lack of employment and economic development opportunities in small communities has contributed to lower individual and household incomes making it difficult for people to help themselves meet their own housing needs;

Increased demand for oil and gas has established a territorial push for a massive pipeline project to bring the reserves to southern markets. The exploration activities, future drilling and extraction and potential pipeline project represent a large shift of labour resources as a result of the substantial employment opportunities that this will create. The Corporation will need to support housing markets to provide housing opportunities for any long-term jobs that are created.

The high cost of utilities (water, electricity & heating fuel) consumes a significant share of the Corporation's resources;

Self-Government

Self-government and land claim issues are playing a central role in planning and capacity building initiatives. Several Aboriginal groups appear close to completing the negotiating process, which requires the Corporation to focus a greater amount of resources into working with these new governing structures while ensuring that we meet our commitments within current goals and objectives.

Given the unique and historic relationship between the federal government and Aboriginal people in Canada, it follows that ensuring safe housing and adequate water and sewage services should be a high priority. Otherwise, the process leading to self-government adopted by the federal government in 1995 may result in burdening Aboriginal self-governments with a shelter and services crisis. There are several long-standing impediments to action:

- ◆ The total cost of meeting the full needs of Aboriginal people for shelter, water and sanitation services is high
- ◆ First Nations argue that the provision of housing and services is a treaty right.
- ◆ Construction in rural and northern communities, where many Aboriginal people live, is technically difficult and therefore costly. The housing market is too small and too dependent on the resource industry.
- ◆ Financing for new construction through banks and other lending institutions is difficult to arrange on reserves because of restrictions in the *Indian Act*.

The arrival of self-government offers an opportunity to recast federal, provincial and territorial policies governing aboriginal housing and community services.

Housing and Social Problems

Increasing the number of homes and improving the condition of existing homes helps this government begin to address other important social problems that affect our communities. Providing people with proper housing addresses their basic shelter, safety and security needs so that more effort can be directed to other social issues.

Inadequate and overcrowded housing contributes to health and social problems, such as major diseases, marriage breakdown, alcoholism, child and spousal abuse. The financial impact can be measured in terms of increased health care costs, income support payments, policing and penitentiary services. The provision of suitable, adequate and affordable housing is a cornerstone of the Government of the NWT' Strategic Plan. Addressing housing problems in an appreciable way could reduce the cost of health services and social assistance by improving social and health conditions of the residents of the NWT.

While the NWT shares similar social and health problems with other jurisdictions in Canada, the chronic nature of these problems on a per capita basis far exceeds similar rates in the south. To illustrate this point, the infant mortality rate in the NWT, according to a recent statistical report, was 1.21%, compared to 0.53% on average in the rest of Canada. This demonstrates in the gravest terms possible the extent of the social problems in NWT.

Aboriginal Well-Being

Aboriginal people represent a significant proportion of the NWT population. According to 2002 population statistics, of the 41,403 people living in the NWT, Aboriginal people make up 50.7% of the population. In comparison, the percentage of Aboriginal people in the total Canadian population is only 3.3%. Of all the Canadian provinces and territories, only Nunavut has a higher representation of Aboriginal people.

There are First Nations and Band Councils active in every community: 32 First Nations Bands and 17 Métis Associations across the Territory. In 28 of the 34 NWT communities, Aboriginal people represent more than 85% of the population. The high population of Aboriginals in social housing mirrors the high percentage of Aboriginals in the general population. In 2001, 92% of the NWTHC's clients were Aboriginal.

The representation of Aboriginal people is increasing in the NWT. According to a population projection by NWT Statistics in the year 2000, the population is expected to grow to 52,082 in 2019, with the Aboriginal population growing from 21,320 (50.7%) to 27,541 (52.9%) in 2019.

Family Violence

Overcrowded, substandard housing and the lack of housing are contributing factors to family violence. Family violence is a serious and complex problem. It exists in all communities and in all types of families.

Education

Overcrowded and inadequate housing conditions make studying and homework extremely difficult. These difficulties are often compounded by health problems children may develop, and by stressful family relationships. As a result, children who live in poor quality housing can fall behind their classmates, both socially and academically, and become frustrated with school.

Justice

The NWT has the highest crime rate in Canada, and the second highest violent crime rate. People who live in the NWT are twice as likely to be murdered, and seven times more likely to be victims of sexual assaults than other Canadians. It should also be noted that people who live in inadequate or overcrowded housing or who are homeless are at a higher risk of becoming the victim of a crime than people who have a safe, secure home.

BARRIERS TO AFFORDABLE HOUSING

In addition to the ongoing social and health challenges, the NWTHC faces serious difficulties addressing the housing needs of the population. Among these difficulties are: the nature of the labour market, the high costs of construction and utilities, the non-existence of private housing markets, and the NWT's dependence on the federal government for transfer payments resulting from the lack of an adequate tax base.

Unskilled Labour Market

Mining and oil & gas projects are driving the economy, and they are also providing the spin-off benefit of industrial development for other sectors. This economic boom is having an impact in the large regional centres and industrial communities, namely Yellowknife, Inuvik, and Norman Wells, where employment rates are among the highest in the country.

Unfortunately, many Northerners do not have the education or job skills required to take advantage of employment and business opportunities created by the economic boom. Education statistics for the NWT indicate that, while 36.5% of NWT residents over the age of 15 do not have a high school diploma (compared with 34.8% of the population of Canada), this number can be as high as 78.7% in many of the smaller communities. The NWT Literacy Council has produced a territorial study that found 55% of aboriginal youth (compared with 32% of all youth) drop out of school before Grade 12. The industrial nature of economic development in the NWT requires northern businesses and developers to hire workers from outside the territory to meet the demand for skilled workers.

The continuing shortage of labour in the NWT is not only due to a lack of supply, but also takes into account the high number of seasonal workers (e.g. forest firefighters and construction workers), and the cyclical nature of labour market participation for traditional workers (hunters, fishermen, trappers and producers of arts & crafts).

In-Migration

Accompanying the significant and rapid growth of the NWT economy has been in-migration of southern workers taking advantage of employment opportunities in the resource sector.

The influx of workers from outside of the NWT has caused an acute housing shortage in northern regional centres, and shows no sign of improving in the near future. The critical demand for housing has pushed housing prices beyond the affordable range for those most in need.

Additionally, speculative in-migration involving persons who move to an area without a confirmed job has put a strain on support agencies.

High Construction Costs

The shortage of labour in the NWT has contributed to the high construction costs in the territory. Construction contractors estimate that per square foot building costs have increased 30% to 60% since 1999. NWT HC data estimates that construction and maintenance costs have increased 4.5% net of inflation over the past two years.

High Energy Costs

The high cost of renewable and non-renewable energy in the NWT substantially increases home operating and maintenance costs – 67% of energy is used for transportation purposes, 19% for electricity generation and 14% for space heating, which reflect sub-Arctic climactic conditions and transportation systems.

The drastic increase in world crude oil prices in recent years further compounds the problem. Heating fuel rate increases directly affect the affordability of housing. According to the Consumer Price Index, the cost of fuel rose 28% from December 1999 to December 2002.

Lack of Private Markets

In most communities in the NWT, there are few or no private housing market options. Of the 13,405 households in the NWT, 34% have been assisted through public housing, staff housing or NWT HC homeownership programs. Removing the market community of Yellowknife, the percentage of households receiving government housing subsidies increases to 50%. Excluding further the quasi-market communities of Hay River, Fort Smith and Inuvik, over 60% of households in the remaining 29 communities have received some sort of government assistance to obtain housing.

In the absence of a viable private housing market the role of supplying affordable housing throughout the NWT falls almost exclusively on public delivery and subsidy programs. Tenants relying on public housing supported by the federal government will therefore suffer when federal funding for the operation and maintenance of housing units disappears. Tenants in these units who cannot afford a home in the private market have no other housing options and face displacement. This will result in overcrowding, causing premature deterioration of public housing units as well as other negative health impacts mentioned earlier. Alternatively, tenants may be forced to move into transitional housing or become homeless on a semi-permanent or long-term basis. All of these options will translate into higher direct and indirect costs for transitional housing, income support, physical and mental health care, policing services and treatment for drug and alcohol abuse.

Lack of Adequate Tax Base

The tax base in the NWT cannot support current social housing needs and programs let alone take a greater degree of responsibility in the future. The territory lacks the necessary tax base to increase revenues through increases or changes to the tax structure. Because the GNWT relies heavily on federal transfer payments and does not currently retain or receive any portion of the resources royalties that it generates, the GNWT cannot make fiscal taxation and spending decisions that will adequately make up for the CMHC funding shortfall.

Per Capita Funding

Historically, federal funding allotments to all provinces and territories have been based on a per capita funding formula. The existing formula does not provide adequate allowance for regional housing conditions. Although the NWTHC recognizes that the NWT has received, a greater than per capita share of Federal funding, the adjustment for regional conditions has been minimal. The Regional adjustment based on a per capita model, is not adequate to offset the substantially higher cost of delivering social housing in rural and remote communities.

A funding model based on a per capita formula does not address regional housing delivery challenges that the NWT is faced with such as:

- ◆ lack of ability to take advantage of economies of scale;
- ◆ natural or Private market forces frequently fail to support federally sponsored initiatives due to the lack of housing market in the majority of NWT communities;
- ◆ substantially higher construction costs related to shipping materials to remote locations, lack of competition and capacity of skilled labour (contractor), need to alter design and construction techniques to suit harsh environmental conditions;
- ◆ higher labour costs associated with lack of skilled labour supply as well as costs such as isolated post allowances; and
- ◆ housing operating costs are substantially higher than southern jurisdictions due to higher cost of utilities, heating oil (also longer/colder winter), taxes, insurance and mortgage rates (financial institutions assume a higher risk therefore charge higher rates).

OPTIONS

Re-invest O&M Legacy Funding into New and Existing Social Housing

The total annual O&M contribution stipulated at the beginning of the Social Housing Agreement is \$21,188,886.63. The federal government should reconsider reinvesting the legacy savings from the O&M portion back into new social housing to alleviate the significant housing challenges of northern people. The difficulties of meeting social housing needs in Canada's north are unique, critical and vitally important in ways not similar or comparable to any other jurisdiction in the country.

The NWT HC is confident that reinvestment of current O&M funding levels for these unique reasons alone is justifiable and should not be viewed as a request for new or additional money. The decision to maintain existing funding levels would not require the federal government to identify any new funding dollars, and as such would not detract nor affect any current program spending.

Although the reduction in the federal government's financial commitment to public housing in the NWT may free up dollars for use elsewhere, it is hoped that the federal government will agree that the state of housing in the north is an issue of such critical importance that current funding should be maintained.

Projects

The advent of large economic projects including the construction of the Deh Cho Bridge and the development of the Mackenzie Gas Project presents an opportunity for the NWT HC to test new manufactured home technology. The converting of dormitory structures into permanent homes has the potential to significantly reduce the housing needs of communities.

Energy Efficiency

The GNWT is committed to encouraging the conservation of energy at all levels. Bilateral initiatives with the goal of energy efficiency potentially decrease the cost of living and specifically, shelter costs. Such actions promote healthy living, healthy choices and increase and encourage self-reliance and independence. Activities supporting energy efficiency include:

- ◆ the creation and delivery of an extensive campaign promoting "healthy homes" in northern communities
- ◆ Expand or create communication materials to increase energy sustainability and efficiency in homes
- ◆ Establish partnerships for extensive delivery of educational programs/literature in communities
- ◆ Financial expenditures for housing assessments on a wide scale
- ◆ Retrofitting of aged housing to promote energy efficiency ie: replace burner units
- ◆ Focused education targeting homeownership responsibilities – doing your part to extend the life of a home through simple low cost maintenance (rewards vs. costs – short and long term)

The Corporation has aggressively pursued energy conservation initiatives including: the installation of more energy efficient appliances, energy efficient lighting devices, reduced water usage plumbing fixtures and educating tenants on energy conservation.

Land Tenure Activities

In the NWT, land administration is a complex web involving both the federal and territorial governments. This has led to a registry process within the Federal Lands Branch of Indian and Northern Affairs Canada, an ad hoc registry in MACA as administrator of Commissioner's Lands plus the Land Titles Office. This system has resulted in confusion, a lack of coordination, varying fee and cost structures, delays and to increased costs to program delivery.

These systems need to be coordinated so land management and administration in the NWT is a streamlined, open and apparent process.

Expenditures affecting housing relate to conducting a comprehensive inventory of its assets throughout the NWT; document preparation; lot survey; data base development and rectification of outstanding title matters.

Lot and Site Development

Lot and site development are significant cost drivers in the provision of residential and commercial buildings in the NWT. Investment in this infrastructure facilitates housing development in both market and non-market communities. Activities and expenditures involved in lot and site development include:

- ◆ acquiring granular materials
- ◆ water and sewage set-up
- ◆ electrical hook-up
- ◆ power poles
- ◆ land levelling

Improvement of Road Infrastructure

The development and enhancement of transportation infrastructure, specifically roads, have the ability to impact on the affordability of housing. Activities involved in improving transportation infrastructure include:

- ◆ Planning, surveying and design of road work expansion in communities for new lot development/subdivisions.
- ◆ Evaluation of roads in communities to determine current condition and future requirements
- ◆ Identification and inventory of sites to access granular materials for road construction

Investing in transportation infrastructure promotes long term community development

Capacity Development

Building capacity at all levels is an action identified by the GNWT in its strategic plan to support the goal of educated, healthy people living in enriching environments who are able to contribute and take advantage of life's opportunities. The housing industry may face competition from future large-scale economic projects for tradespersons and skilled workers. This has the potential to escalate labour costs in the building of residential homes. The requirement for skilled workers: electricians, welders, pipefitters, and other construction trades will be significant should projects just as the Mackenzie Gas Project proceed. An emphasis on training may alleviate a future labour market shortage. Actions include:

- ◆ Encouraging adult training institutions to respond to labour market conditions and to support the use of career action plans.
- ◆ Increasing educational choices at the high school level to improve linkages with vocational and work opportunities.

Assume Higher Underwriting Risk for Construction and Mortgage Guarantees

Currently the NWT HC provides guarantees on interim financing for new construction, up to a two-year period. Recently, the NWT HC has reduced equity levels required by the developer from 25% to 15%. A more aggressive program could further reduce the equity requirements for projects. This would allow developers to further stretch their risk capital.

The estimated cost of the current program is \$9.2 million with associated risks being seen as \$400,000. At the present time the construction of 104 units is being supported by the current project.

Provide Low Cost Financing Options to Developers

The GNWT could examine the option of offering Mortgage Insurance on new commercial construction projects. Currently, the Canadian Mortgage and Housing Corporation (CMHC) provides commercial mortgage insurance in the NWT, however; developers state that the rate of insurance can be as high as four and half percent. In addition, CMHC requires a minimum of 15% equity position. As an alternative, the Housing Corporation could offer more competitive commercial investment insurance rates as well as lower the equity requirements for developers.

It is important to note that, should this option be initiated, the GNWT would be intervening by providing a financial product that is already offered by CMHC – albeit in a manner more suited to the NWT market and conditions.

Promote Use of Manufactured Homes

In a climate of increasing construction costs, declining federal funding and a lack of housing supply, solutions that increase the number of units, reduce capital expenditures per unit and/or deliver more housing with available funding need to be closely examined. In many communities, providing stick-built homes has become excessively costly, but the practice continues due to perceived economic spin-offs associated with local business revenues and residents' wages. One cost-effective option for consideration would be the increased use of manufactured homes. These homes are approximately 34% less costly than present approaches used to provide single-family units. However, this approach would also have limited economic spin-off effects.

The use of manufactured homes is a well-established approach to housing in many market communities, such as Yellowknife. The potential to rapidly increase housing stocks at a reasonable price has been demonstrated.

Use GNWT Capital Projects (e.g. Student Housing) to Leverage Private Sector Housing Investment

Mixed projects, that include GNWT sponsored unit construction and additional units for private use, have the potential to build economies of scale and increase the number of units available. Currently, this strategy is used by the NWT HC to secure public housing units while assisting with creating new private market capacity. Over the past three years 134 units are under construction using this approach. Implementation of this approach normally results in the anchor tenant providing support for construction of up to fifty percent of a multi-plex unit. This approach could be used in combination with the "occupancy guarantee option" described below.

Encourage Private Lenders To Have More Flexible Construction and Mortgage Underwriting in Smaller Communities

Currently, private lenders generally do not approve mortgage applicants from smaller communities unless they provide a minimum 15-40% down payment. Additionally, clients who wish to construct on Band land or DIAND land reserved for Indians are not approved for a mortgage without a NWT HC loan guarantee to the lender. This is not only difficult for clients, who require deeper subsidies but also for developers who face higher risks for developing units "on speculation" that they will sell upon construction completion. In considering this option it should be noted that there are other procedural matters that complicate construction of residential units on Indian Affairs Branch Lands. One significant issue is the provision of mortgage guarantees on untenured lands.

Provide No-Interest Loans to Residents Who Build “Revenue Suites”

Offer no-interest or low-interest loans to any existing homeowner in a non-market community who is interested in constructing a revenue suite onto their existing home. Suite construction would have to conform to building code and by-laws and be rented for revenue. This option could help to create additional housing capacity in non-market based communities that may work to house professionals, students, singles or couples in need of housing, while offsetting the rising costs of housing to the owner.

Provide Low Interest or Interest-Free Loans to Private Developers

The GNWT can encourage land development by providing low-interest or interest-free loans to private developers to develop land. The availability of appropriately prepared land is essential to housing development. The cost of land development can be expensive and, the developer must recover the cost of land preparation in the sale or rental of housing. As the developer must carry the cost of land development for an extended period of time – until the property begins to generate a revenue stream, land development costs are seen as a barrier to housing development. Offering low interest or interest-free loans would reduce financial costs for a developer and make land development more attractive. This in turn, would result in additional housing construction.

COST IMPLICATIONS

Addressing housing shortages in the NWT requires significant financial resources. Major housing expenditures include: reduction of core need, conversion of Mackenzie Gas Project structures, offsetting declining CMHC funding, and improving the adequacy of the existing housing stock. Costs to address these housing issues total over three-quarters of a billion dollars (see Appendix B).

CONCLUSION

Concerted efforts by all levels of government, private enterprise and non-governmental organizations are required to ensure the availability of affordable, adequate, and suitable housing. The GNWT has identified these challenges in the GNWT Strategic Plan, making affordable housing a major priority.

Enhanced coordinated actions with community governments may also lead to greater availability of land and improved infrastructure. NWTHC is also committed to promote partnerships where possible with private enterprise to expand the quantity of affordable housing.

Solutions are being sought through collaboration with community partners and through the promotion of business partnerships with private enterprise. Now, the GNWT and the federal government need to map out how together they will address their shared responsibility in the provision of housing.

The themes and the initiatives under the Northern Housing Strategy provide a useful starting context for federal-territorial bilateral action. Clarifying and remedying the issues of per capita funding and the use of legacy funding can form the basis of this collaboration.

Real solutions to housing problems in the North can be developed through a combination of local community coordination, partnerships with private enterprise, GNWT actions, and federal-territorial bilateralism.

Fiscal Year	Targeted	Non-Targeted	Amortization	O&M Funding	Total
1997/98	32,802,006	370,238	11,983,357	21,188,887	33,172,244
1998/99	32,802,006	370,238	11,983,357	21,188,887	33,172,244
1999/00	32,802,006	370,238	11,983,357	21,188,887	33,172,244
2000/01	32,802,006	370,238	11,983,357	21,188,887	33,172,244
2001/02	32,802,006	370,238	11,983,357	21,188,887	33,172,244
2002/03	32,802,006	370,238	11,983,357	21,188,887	33,172,244
2003/04	32,776,068	370,238	11,969,957	21,176,349	33,146,306
2004/05	32,698,102	370,238	11,927,472	21,140,868	33,068,340
2005/06	32,676,461	370,238	11,915,656	21,131,043	33,046,699
2006/07	32,010,553	370,238	11,578,484	20,802,307	32,380,791
2007/08	30,606,160	370,238	10,865,729	20,110,669	30,976,398
2008/09	29,981,005	370,238	10,550,046	19,801,197	30,351,243
2009/10	28,320,254	370,238	9,621,526	19,068,966	28,690,492
2010/11	26,696,059	370,238	8,673,346	18,392,951	27,066,297
2011/12	24,892,006	370,238	7,624,248	17,637,996	25,262,244
2012/13	22,724,666	370,238	6,448,048	16,646,856	23,094,904
2013/14	20,438,883	370,238	5,172,609	15,636,512	20,809,121
2014/15	20,197,764	370,238	5,055,259	15,512,743	20,568,002
2015/16	20,138,002	370,238	5,033,068	15,475,172	20,508,240
2016/17	19,828,979	370,238	4,946,318	15,252,899	20,199,217
2017/18	19,014,849	367,799	4,737,275	14,645,373	19,382,648

Appendix A - CMHC Declining Funding Figures

Fiscal Year	Targeted	Non-Targeted	Amortization	O&M Funding	Total
2018/19	18,495,137	340,975	4,608,978	14,227,134	18,836,112
2019/20	18,100,854	269,246	4,561,787	13,808,313	18,370,100
2020/21	17,693,493	212,957	4,515,334	13,391,116	17,906,450
2021/22	16,839,168	241,650	4,266,651	12,814,167	17,080,818
2022/23	15,953,355	101,540	4,187,419	11,867,476	16,054,895
2023/24	15,228,270	5,717	4,157,675	11,076,312	15,233,987
2024/25	13,736,088	5,367	4,065,058	9,676,397	13,741,455
2025/26	12,370,772	5,361	3,965,338	8,410,795	12,376,133
2026/27	11,242,205	3,358	3,864,554	7,381,009	11,245,563
2027/28	9,511,872	0	3,706,529	5,805,343	9,511,872
2028/29	7,925,407	0	3,502,032	4,423,375	7,925,407
2029/30	6,683,506	0	3,332,148	3,351,358	6,683,506
2030/31	5,953,690	0	3,121,892	2,831,798	5,953,690
2031/32	5,364,627	0	2,862,358	2,502,269	5,364,627
2032/33	5,166,933	0	2,785,764	2,381,169	5,166,933
2033/34	4,387,810	0	2,386,486	2,001,324	4,387,810
2034/35	3,653,671	0	2,043,574	1,610,097	3,653,671
2035/36	3,224,128	0	1,809,455	1,414,673	3,224,128
2036/37	816,085	0	471,298	344,787	816,085
2037/38	63,346	0	41,374	21,972	63,346
2038/39	0	0	0	0	0

Appendix A - CMHC Declining Funding Figures

COMPONENT	SPECIFIC PROJECT	TIME FRAME	APPROXIMATE COST
(1) Reduction of Core Need	Replacement of all 2,260 homes in Core Need	2007-2016	\$405,000,000
	<ul style="list-style-type: none"> ◆ Repair of 1,891 households (all households reporting major problems with physical condition of dwelling) 		
	10% Core Need reduction (as moved by the 15th Legislative Assembly) through replacement and repair	completed by 2007	\$45,000,000
(2) Novel Housing Project	Conversion of camp dormitories from Mackenzie Gas Project to housing and other infrastructure	2008-2012	\$237,000,000
(3) Offsetting CMHC Declining Funding	Offset the impact of declining CMHC funding up to 2013/2014	10 years	\$33,000,000
	Construction of multi-unit public housing	immediate	undetermined
Total (1+2+3)			\$675,000,000

ATTACHMENT 6

ENERGY CONSERVATION ACTION PLAN

October 24, 2005

WHAT IS THE ENERGY CONSERVATION ACTION PLAN?

The Government of the Northwest Territories (GNWT) recognizes the challenges faced by residents in dealing with high costs of energy. Government departments and agencies are already helping residents manage energy use and costs. With energy costs at record highs, this need is increasing. In response, the GNWT has assembled the **Energy Conservation Action Plan** to combat the ballooning price of fossil fuels.

The **Action Plan** does three things:

1. Builds and **expands** on the significant efforts already being made to address northern energy issues;
2. Introduces **new programs**; and,
3. Identifies **new and emerging technologies** being pursued.

The GNWT's **departments, boards and agencies are carrying out the Action Plan**. As well, programs of the NWT's energy efficiency clearing house, the **Arctic Energy Alliance (AEA)** are being expanded.

This document summarizes the Action Plan. Actions include those to assist the public and commercial sectors and to assist the GNWT in reducing its own energy consumption.

I. Expanded Programs	<i>The following are existing programs that are being expanded to further enhance their energy efficiency activities. They include incentives, public education, government approaches to better managing its own energy efficiency in the workplace and energy efficiency research.</i>	
Residential Programs	<ul style="list-style-type: none"> ◆ Increase funding and capacity for the federal EnerGuide for Houses Program (EGH). This funding will be used to: <ul style="list-style-type: none"> ◆ Increase grants to homeowners for the improvements recommended by professional energy evaluators. ◆ Fund travel expenses for EGH evaluators to increase EGH energy audits and workshops in communities outside Yellowknife. ◆ Increase the number of evaluators trained to deliver the program (8 new evaluators). ◆ Inform previous EHG clients of the increased grant assistance. ◆ Increase public advertising of EGH program. ◆ Introduce the new EGH for Low-Income Houses and EGH Retrofit Programs for low-rise rental housing and social housing. ◆ Continue delivery of the Northwest Territories Power Corporation's (NTPC) Energy Assessment Program. 	<p>EnerGuide for Houses <i>Lead Agency: Arctic Energy Alliance</i> <i>Proposed Additional Funds: \$70,000</i></p> <p>NTPC Audit Program <i>Lead Agency: Northwest Territories Power Corporation</i> <i>Proposed Additional Funds: \$75,000</i></p>

<p>Commercial Programs</p>	<ul style="list-style-type: none"> ◆ Increase income support officers' training to include energy conservation, which will assist them in improving the energy efficiency behaviour of their clients. ◆ Make energy efficiency resources materials available for Income Support Officers' use. 	<p>Energy Conservation: Income Support Clients</p> <p><i>Lead Agency: Education, Culture and Employment</i></p> <p><i>Proposed Additional Funds: To be confirmed</i></p>
	<ul style="list-style-type: none"> ◆ Update training in energy efficient technology for public building maintenance officers. 	<p>Building Maintenance Officer Training</p> <p><i>Lead Agency: Public Works and Services</i></p> <p><i>Proposed Additional Funds: To be confirmed</i></p>
	<ul style="list-style-type: none"> ◆ Develop and deliver expanded training in energy efficiency practices and client support to Local Housing Organizations (LHO). 	<p>LHO Training</p> <p><i>Lead Agency: NWT Housing Corporation</i></p> <p><i>Proposed Additional Funds: To be confirmed</i></p>
	<ul style="list-style-type: none"> ◆ Produce and distribute public education materials providing householders and businesses with practical tips on how to reduce energy costs by cutting energy, and how to save energy with winter driving tips. 	<p>Conservation Information for the Public</p> <p><i>Lead Agency: Arctic Energy Alliance</i></p> <p><i>Proposed Additional Funds: \$15,000</i></p>
	<ul style="list-style-type: none"> ◆ Provide supplementary funding to the AEA for new temporary program delivery staff. 	<p>AEA Staff Resources</p> <p><i>Lead Agency: Arctic Energy Alliance</i></p> <p><i>Proposed Additional Funds: \$78,000</i></p>
	<ul style="list-style-type: none"> ◆ Offer cash incentives for commercial operators who improve the energy efficiency of their businesses. Grants will top up the federal Energy Innovators Initiative Program 	<p>Commercial Operators Incentives</p> <p><i>Lead Agency: Arctic Energy Alliance</i></p> <p><i>Proposed Additional Funds: \$45,000</i></p>

Government-Oriented Programs	<ul style="list-style-type: none"> ◆ Increase marketing and implementation of retrofit programs for municipal and territorial public buildings and non-profit operators through the Energy Conservation Program. 	<p>Public Building Retrofits</p> <p><i>Lead Agency: Environment and Natural Resources/AEA</i></p> <p><i>Proposed Additional Funds: \$300,000</i></p>
	<ul style="list-style-type: none"> ◆ Coordinate information sessions with community governments to provide energy conservation awareness and training. 	<p>Community Governments</p> <p><i>Lead Agency: Municipal and Community Affairs</i></p> <p><i>Proposed Additional Funds: To be confirmed</i></p>
	<ul style="list-style-type: none"> ◆ Purchase a heat sensing camera, blower door and other building energy efficiency testing equipment, train staff in their use, and test buildings. 	<p>Public Building Testing</p> <p><i>Lead Agency: Public Works and Services</i></p> <p><i>Proposed Additional Funds: \$100,000</i></p>
	<ul style="list-style-type: none"> ◆ Develop energy performance standards for public and community buildings. 	<p>Public Facility Standards Program</p> <p><i>Lead Agency: Public Works and Services</i></p> <p><i>Proposed Additional Funds: To be confirmed</i></p>
	<ul style="list-style-type: none"> ◆ Research AEA and GNWT records to identify public buildings most in need of energy improvements. 	<p>Targeted Building Retrofits</p> <p><i>Lead Agency: Public Works and Services</i></p> <p><i>Proposed Additional Funds: To be confirmed</i></p>
	<ul style="list-style-type: none"> ◆ Evaluate and make recommendations on adoption of mandatory energy efficient building codes. 	<p>Building Codes</p> <p><i>Lead Agency: Public Works and Services</i></p> <p><i>Proposed Additional Funds: To be confirmed.</i></p>

	<ul style="list-style-type: none"> ◆ Continue development of GNWT Employees' Energy Conservation Program. ◆ Increase tracking of energy costs by all departments, boards, and agencies ◆ Increase energy conservation and climate change content in NWT schools curriculum. 	<p>GNWT Employee Awareness <i>Lead Agency: Environment and Natural Resources</i></p> <p><i>Proposed Additional Funds: To be confirmed</i></p> <p>Energy Cost Tracking <i>Lead Agency: Financial Management Board Secretariat</i></p> <p><i>Proposed Additional Funds: None required</i></p> <p>Climate Change Curriculum <i>Lead Agency: Education, Culture and Employment</i></p> <p><i>Proposed Additional Funds: To be confirmed</i></p>
<p>2. New Programs</p> <p>Residential Programs</p>	<p><i>The programs listed below represent new energy conservation initiatives.</i></p> <ul style="list-style-type: none"> ◆ Provide cash grants to homeowners and small businesses for maintenance of boilers and furnaces ◆ Develop and deliver home winterization workshops in 12 communities, teaching the skills of home energy efficiency. ◆ Introduce Energy Star instruction workshops to Local Housing Offices, educating staff on the availability and advantages of appliances with lower energy demand 	<p>Furnace/Boiler Maintenance <i>Lead Agency: Arctic Energy Alliance</i></p> <p><i>Proposed New Funds: \$23,000</i></p> <p>Winterization Workshops <i>Lead Agency: Arctic Energy Alliance</i></p> <p><i>Proposed New Funds: \$110,000</i></p> <p>Energy Star Workshops <i>Lead Agency: NWT Housing Corporation/Arctic Energy Alliance</i></p> <p><i>Proposed New Funds: \$20,000</i></p>

<p>Vehicle Programs</p> <p>Government-Oriented Programs</p>	<ul style="list-style-type: none"> ◆ Develop and carry out an NWT-wide social marketing strategy to reshape energy use norms among all NWT citizens. ◆ Investigate the feasibility of charging vehicle registration fees on the basis of vehicle weight and engine size (energy use). ◆ Develop and introduce vehicle fleet energy efficiency guidelines and implement Smart Driving Program for GNWT employees 	<p>Change Energy Behaviours <i>Lead Agency: Environment and Natural Resources/Arctic Energy Alliance</i></p> <p><i>Proposed New Funds: \$200,000</i></p> <p>Vehicle Fees <i>Lead Agency: Transportation</i></p> <p><i>Proposed New Funds: To be confirmed</i></p> <p>Vehicle Efficiency <i>Lead Agency: Transportation/ Financial Management Board Secretariat</i></p> <p><i>Proposed New Funds: To be confirmed</i></p>
<p>3. New and Emerging Technologies</p>	<p><i>The following initiatives demonstrate the Government's commitment to funding ways to mitigate energy costs through new and emerging technologies.</i></p> <ul style="list-style-type: none"> ◆ Test the northern suitability of energy efficient vehicles, such as the Smart car and electricity-gas hybrids. ◆ Test fuel technology for ferry operations ◆ Research performance of the high efficiency Conematic residential heating system, with installations in three Hay River duplexes and in Beaufort and Sahtu public housing units. ◆ Test supplementary heaters for maintenance vehicles, to reduce idling. 	<p>Vehicle Pilot Tests <i>Lead Agency: Transportation</i></p> <p><i>Proposed New Funds: To be confirmed</i></p> <p>Ferry Efficiency <i>Lead Agency: Transportation</i></p> <p><i>Proposed New Funds: To be confirmed</i></p> <p>Pilot Residential Heating System <i>Lead Agency: NWT Housing Corporation</i></p> <p><i>Proposed New Funds: \$54,000</i></p> <p>Idling Pilot Test <i>Lead Agency: Transportation</i></p> <p><i>Proposed New Funds: To be confirmed</i></p>

Connecting Canada

Coast to Coast to
Coast

A Proposal to Complete the
Mackenzie Valley Highway
to the Arctic Coast



Message from the Government of the Northwest Territories



In 1958, as part of the Roads to Resources Strategy, the federal government announced it would complete the Mackenzie Valley Highway to the Arctic Coast with the vision of a strong and prosperous Canada, connected coast to coast to coast. In 1972, Canada began construction of the highway to ensure that the benefits of northern resource development would flow to all of Canada and help assert Canada's sovereignty over the North and its abundant resources.



In 1977, along with the release of the Berger inquiry and the resulting 10-year moratorium on oil and gas development in the North, construction of the Mackenzie Valley Highway was halted. Thirty years later, things have certainly changed. The political and economic difficulties that impeded the completion of the Mackenzie Valley Highway over three decades ago have improved. There is renewed interest in oil and gas exploration in the Mackenzie Valley and Beaufort Delta. The Mackenzie Valley Pipeline has been re-proposed with aboriginal groups now as development partners. The benefits that will flow to Canada from the Mackenzie Valley Highway are greater now than ever.

In August, the Council of the Federation met in Banff to discuss strategies to enhance the competitiveness and prosperity of Canada. Premiers from coast to coast to coast agreed that Canada's transportation infrastructure must include a north-south focus. The premiers concluded that Canada's transportation system is one of the most important foundations of our country's international competitiveness and is key to ensuring a better standard of living for all Canadians.

The time has come to complete what the federal government began almost four decades ago. It is time for Canada to be connected coast to coast to coast. Completion of the Mackenzie Valley Highway will improve the social and economic opportunities for the people of Canada and will ensure a sovereign, strong and prosperous Nation for generations to come.

A handwritten signature in black ink, appearing to read 'J. Handley'.

Joseph Handley
Premier

A handwritten signature in black ink, appearing to read 'Michael McLeod'.

Michael McLeod
Minister of Transportation



Beaufort Delta Near Tuktoyaktuk

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THE VISION

The vision of an all-weather highway through the Mackenzie Valley to the Arctic Coast has been considered a strategic priority for Canada as far back as 1958 by the federal government. This road was seen as the final link to connect Canada from coast to coast to coast.

This vision has been recently restated in a number of GNWT strategic documents, including the Department of Transportation's 2000 Highway Strategy, **Investing in Roads for People and the Economy: A Highway Strategy for the Northwest Territories**, and two funding proposals in pursuit of this vision, **Corridors for Canada** and **Corridors for Canada II**. It is anticipated this highway will be included in a current provincial/territorial initiative to develop a National Transportation Strategy.

In the 1960's and 70's there were a number of studies undertaken by the federal government in support of constructing an all-weather highway through the valley. These studies include detailed road alignment, environmental data gathering and engineering design. By 1972, the federal government started construction of the Mackenzie Valley Highway from Fort Simpson to Inuvik. Extensive construction, survey, environmental and design work was carried out until 1976.

In 1977, with the increasing uncertainty regarding oil and gas development potential and other political, economic and legal issues of the time, construction was halted. The federal government abandoned the route 18 kilometres south of Wrigley.

Work on this highway was revived by the GNWT in the early 2000's. Through a funding

partnership with the federal government a program was started to construct permanent bridges at all stream crossings. These bridges, which will extend the winter road window of operation and reduce environmental concerns at stream crossings, will ultimately serve the future all-weather highway.

Canada is on the brink of significant opportunities with the development of oil and gas discoveries in the Mackenzie Valley and Beaufort Delta. The potential for Arctic shipping is a not so distant future reality. The significant natural gas and oil reserves in the Mackenzie Delta and Basin are key to the economic future and prosperity of the Canada. Connecting Canada to the Arctic Coast would both facilitate Canada's development of these resources and safeguard against the associated challenges.

"...the Federation was built on a vision, expressed in a railway, to unite the country from coast to coast. This tangible expression of unifying the country continues to be reflected in our national transportation infrastructure, which now must include both east-west and north-south focus...Absent or aging highway systems ... are eroding Canada's ability to compete in the global economy"

*From the Council of the Federation
Communique, August 2005, issued by Canadian
Premiers*

THE VISION

While northern development offer significant opportunities for Canadians, it also poses significant risks. Canada's sovereignty, security and environmental integrity are threatened by the economic, political and environmental shifts ahead. These challenges, however, can be mitigated through the construction of an all-weather transportation corridor through the Mackenzie Valley to the Arctic coast. It is crucial that this major corridor be connected to Canada through an all-weather surface transportation link.

Connecting Canada to the Arctic coast is also crucial to the socioeconomic future of Canada. The completion of the Mackenzie Valley Highway to the Arctic coast will provide enormous opportunities for residents of the Northwest Territories and all Canadians. Its completion is a cornerstone of the GNWT's plan for present and future economic development in the NWT. However, the benefits of completing the Mackenzie Valley Highway extend much further than the northern regions it would be connecting. The benefits would extend coast to coast to coast. The highway is the final step in connecting Canada's three coasts and is critical for the future protection and prosperity of Canadians.

"...a strong Northwest Territories is in the best economic, social, and security interests of Canada and all Canadians... We are in a period of unprecedented economic development in the Northwest Territories – development that not only benefits our territory but the country as a whole. This development provides a unique opportunity to make the Northwest Territories a self-reliant territory... The people of this territory want to be sure our communities are ready for large-scale development, such as the Mackenzie Valley pipeline. This means investing in our communities and people to prepare for and help mitigate the infrastructure and social pressures that will accompany this development... The additional needs created by our rapidly expanding economy place an increased demand on our resources. The long-term implication for our territory is serious."

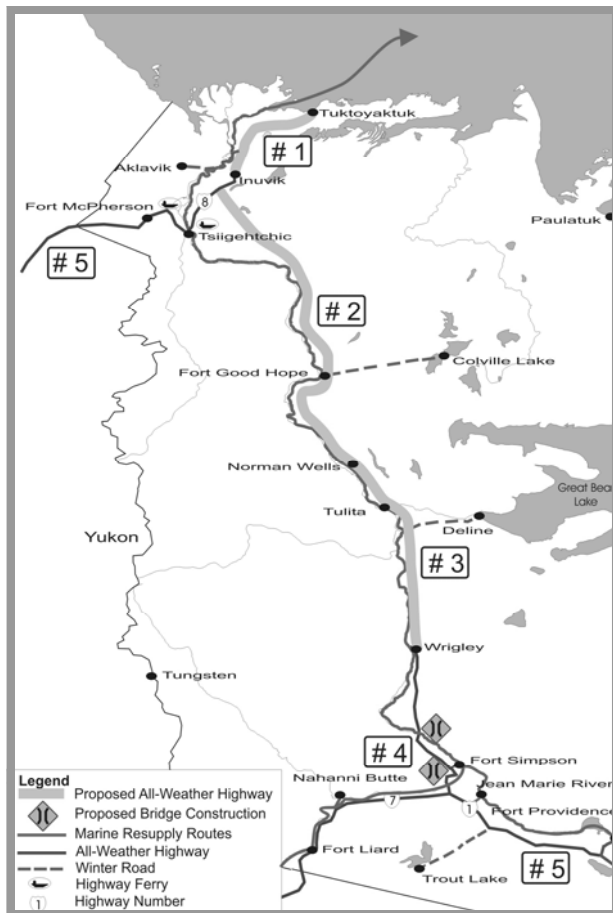
*Premier Joseph Handley
Wednesday, February 23, 2005
Statement to the Legislative Assembly: A Northern Strategy*

THE PLAN

Connecting Canada to the Arctic Coast

The proposed all-weather highway through the Mackenzie Valley up to the Arctic coast is estimated to cost \$700 million. This investment would bring measurable and lasting economic and social benefits to the Northwest Territories and Canada. The construction components of the \$700 million investment to be considered include:

1. Construction of an all-weather road from Inuvik to Tuktoyaktuk
2. Extension of the Mackenzie Valley Winter Road from Fort Good Hope to the Dempster Highway south of Inuvik
3. Construction of an all-weather road from Wrigley to the Dempster south of Inuvik
4. Construction of permanent bridges across the Mackenzie and Liard rivers on the Mackenzie Highway
5. Upgrades to the existing Mackenzie and Dempster highways



The Financing Solution

The GNWT proposes a partnership with the federal government to fund the construction of the Mackenzie Valley Highway extension. The \$700 million in capital would be borrowed from a financial institution with the backing of a federal loan guarantee to ensure the best interest rate. The debt would be repaid over a 35-year period; the GNWT would be responsible for 25% and the federal government 75%. The annual revenue requirement to service the debt and cover O&M costs is estimated at \$40 million.

The GNWT would consider a toll on commercial vehicles to partially offset the annual revenue requirement. At a rate of \$500 per vehicle and a projection of 10,000 vehicles, the governments initially would recoup \$5 million per year. With the toll rate adjusted for inflation, the amount of revenue generated likely will more than double over the course of the repayment period. With an average inflation rate increase of 1.5% and similar increase in traffic, the governments could collect over \$300 million.

THE PLAN

It is estimated that the direct cost savings from the efficiencies of operating on the all-weather road versus the winter road or other more expensive modes of transportation will more than cover the toll for commercial vehicle operators and users.

The toll revenue projection, which is derived from Prolog's **Logistics Opportunities and Transportation Impacts In the Northwest Territories during the Mackenzie Gas Project**, is conservative.

This initial projection of commercial traffic is just the beginning. Once a pipeline is in place and capable of delivering oil and gas from the Northwest Territories to market and an all-weather Mackenzie Valley Highway is open to the oil and gas industry, a permanent exploration and production sector will develop to rival those in Alberta and northern British Columbia. As with the construction of the Canadian National Railway, it is difficult to truly anticipate the degree of development that will occur with the completion of the Mackenzie Valley Highway to the Arctic Coast. This will result in a corresponding increase in the volume of commercial vehicles.

The GNWT could also consider alternative financing options such as a development fee on oil and gas exploration.

This option is attractive because the cost of community resupply would not increase as it would with a toll on commercial vehicles.

Cost Estimate	
Construction	\$600 million
Engineering	\$60 million
Financing	\$40 million
Total \$700 million	

Annual Revenue Requirement (per year)	
Loan Repayment	\$35 million
Operation and Management	\$5 million
Total \$40 million	
Federal Government Share	\$30 million
GNWT Share	\$10 million

Annual Commercial Traffic Projection (2010) Prolog 2005	
Baseline	3,000 Loads
Oil and Gas Exploration	3,000 Loads
Pipeline Induced	1,000 Loads
Diversion from Barge	2,000 Loads
Diversion from Dempster Highway	500 Loads
Diversion from Air Freight	500 Loads
Total 10,000 Loads	

THE BENEFITS

The Mackenzie Valley Highway will Facilitate Resource Development that will Bring Significant Benefits to All of Canada

Increased development activity in the Mackenzie Valley, facilitated by all-weather access, will result in increased revenue flows to Canada, through royalties and taxes. Much of the increased employment impacts will occur outside of the Northwest Territories. Economic modeling estimates that southern Canada would capture approximately 71 percent of jobs and 85 percent of tax revenue resulting from Northwest Territories resource development.

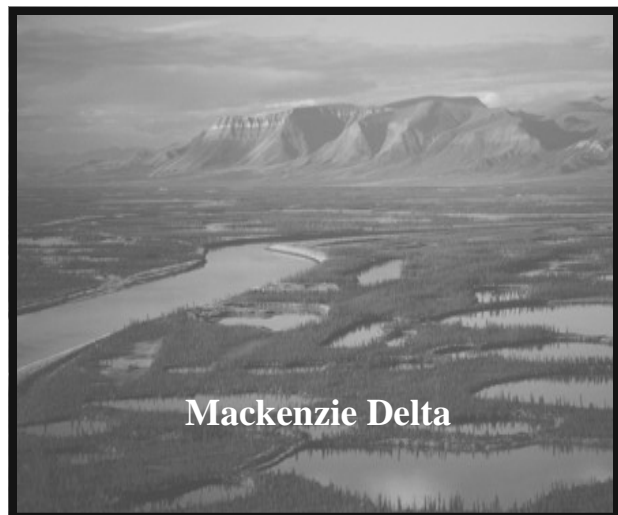
Over the next 30 years, Northwest Territories petroleum developments alone are expected to generate the following impacts:

- ◆ **Contribute up to \$58.9 billion to the national GDP**
- ◆ **Create between 86,000 to 181,000 person-years of employment across Canada, 71,118 to 159,719 of which would be created outside the NWT, and**
- ◆ **Generate up to \$15 billion in government revenues, of which the vast majority would flow to the federal government.**

The Northwest Territories experienced economic growth of 20.8 percent in 2003, while the growth for Canada was two percent. Among provinces and territories, the Northwest Territories had the highest growth in both 2001 and 2003. Economic forecasting predicts that it will grow by a further 10.6 percent in 2004 and 10.1 percent in 2005.

Fuelled by non-renewable resource development, the NWT GDP has grown 52.5 percent from 2000 to 2004. To put this in perspective, the comparable number for Canada is about 12 percent. Non-renewable resource development is expected to continue to drive strong economic growth for the foreseeable future.

At 6 trillion cubic feet per year (tcf/year), Canada is the world's third largest producer of natural gas. With total export growth already over 300 percent since 1989, the demand is expected to reach approximately 32 tcf/year by the year 2010. Export volume is expected to increase another 40 percent over the next decade and 50 percent by 2025. To meet the growing global demand, the Northwest Territories will be the main new source of natural gas production and export in Canada.



THE BENEFITS

The Northwest Territories has 60 to 70 tcf of proven natural gas, with an estimated total value of over \$140 billion. The National Energy Board estimates that the Beaufort Delta region contains a further 55 tcf of potential reserves.

In March 2005, Northrock Industries announced the largest oil and gas discovery in the last decade. The well, expected to produce 100 times the volume of the average well in Northern Alberta, was discovered near Tulita. This significant discovery, coupled with improved logistics provided by upgraded infrastructure, will increase exploration activities into the future. The benefits of exploration and development, in terms of business and employment opportunities, will continue to improve and support the quality of life of Northerners.

Along with oil and gas development and exploration, the Mackenzie Gas Project will bring significant benefits to Canada. Pre-construction work is expected to start in 2006, with pipeline construction scheduled from 2007 to 2010. If the Mackenzie Gas Project is approved, and this work schedule holds, natural gas will begin flowing south from the Beaufort Delta by the end of this decade. Based on the proven reserves alone, NWT gas will supply southern markets until at least 2033. It is estimated that six times the proven reserves exist.

Investment for these gas projects and the associated long-term development of the Beaufort Delta reserves will be approximately \$7.6 billion. The return in dollars and jobs, over the next 30 years, based on a price scenario of \$4 US per thousand cubic feet (Mcf), would see:

- ◆ Total project revenues of \$65.9 billion
- ◆ Gross Domestic Product of \$58.8 billion

- ◆ Total government revenues of \$15.1 billion
 - * \$13.3 billion to the federal government, and
 - * \$631 million to the GNWT
- ◆ Total labour income would be \$9.9 billion
- ◆ Total direct and indirect employment would be an estimated 180,000 person years
- ◆ Re-investment of corporate profits in new exploration and development could generate an additional \$22 billion in GDP and between 26,000 and 272,000 additional person years of employment, and
- ◆ The impact of the spending of labour income could generate another \$0.2 to \$0.4 billion in GDP and 58,000 to 132,000 more person years of employment.



THE BENEFITS

The NWT was ranked 4th out of 64 countries worldwide surveyed by the Fraser Institute in terms of mineral potential. However the NWT ranked last in terms of quality of infrastructure. 41% of mining companies indicated the quality of infrastructure was a strong deterrent to investment, with 4% indicating they would not pursue exploration due to this factor.

The Fraser Institute Annual Survey of Mining Companies 2004/2005

New gas supplies would also help restrain gas price increases, saving Canadian consumers \$350 million per year. The availability of this supply of cleaner burning fuel could also save Canada up to \$230 million per year in greenhouse gas emission costs.

Oil and gas deposits in the Northwest Territories are located in remote regions and lack the required transportation infrastructure. This increases the cost of exploration programs. To overcome this deficit, deposits must be larger and higher in grade to be considered for development compared with other regions with better transportation access.

The Mackenzie Valley also has significant mineral resource potential, however, unlike the diamond industries of the Slave Geologic Province, base metal deposits of the Mackenzie Valley require significant transportation demands to export large volumes of ore. This has been the main impediment to further exploration and development of mineral resources. Recent upturns in base metal prices have resulted in renewed interest in mineral production. The Cantung mine near the Yukon border has announced its reopening and the Prairie Creek Mine in the southern Mackenzie Valley continues to pursue the necessary permits to begin construction and operation. An all-weather corridor would facilitate increased exploration and development of the Valley's potentially rich mineral potential.



The Mackenzie River

THE BENEFITS

In addition to non-renewable resource development, the Mackenzie Valley Highway would also facilitate renewable resource development, such as hydro and tourism. Preliminary studies indicate that the Northwest Territories has the potential to generate more hydro power than James Bay or Churchill Falls, using modern, run-of-the-river technology that eliminates the need for large dams and massive flooding. Not only will hydro development diversify the NWT economy but it will also help reduce Canadian greenhouse gas emissions by supplying a renewable and clean energy alternative.

The NWT hydroelectric generation potential is massive, with as much as 11,000 megawatts in undeveloped sites. This potential is world class. Future hydro development prospects include Upper Snare River, Taltson, Great Bear River and Lac La Martre River. Improved transportation infrastructure will help facilitate the development of these future hydro projects.

The Mackenzie all-weather connection will also improve tourism opportunities in both the Northwest Territories, Yukon Territory and British Columbia. The link would provide a circle route through the three western provinces. This would attract additional tourists that are presently deterred from visiting the North due to long travel distances and the necessity to travel back the same way they arrived. The circle route would essential double the tourism opportunities for visitors.

The tourism industry is an important part of our renewable resource sector. Tourists and business visitors contribute \$90 million in direct spending annually into the NWT economy and the tourism industry has the potential to provide an even larger contribution, especially in smaller communities. We need to continue to support the tourism industry in its efforts to market the NWT as a four-season destination and as a safe, secure place for adventure travel.

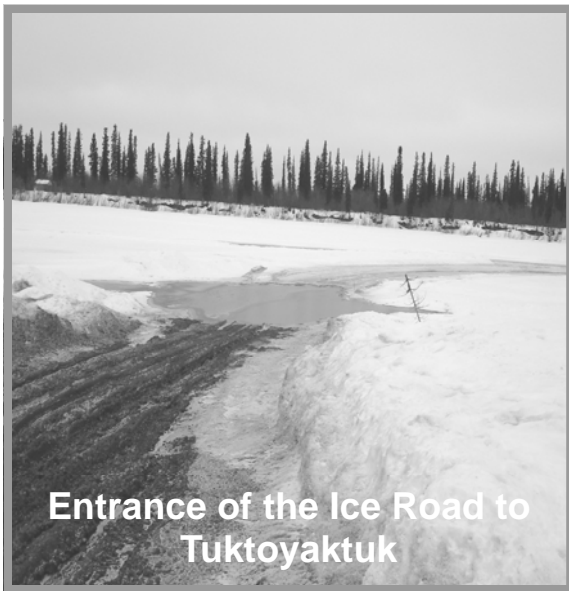
The Mackenzie Valley Highway will Ensure Canada's Sovereignty in the North

In the three northern territories, only one road, the Dempster Highway, crosses the Arctic Circle. This road does not reach the Arctic coast. The Arctic coast perimeter is longer than Canada's other two coasts combined. This vast, remote and largely unpatrolled coastline poses an increasing threat in terms of national security.



Pingo Near Tuktoyaktuk

THE BENEFITS



In these times of a shifting political landscape, globalization, climate change and energy concerns, the global focus on Canada's North is greater than it ever has been. Correspondingly, asserting Canada's sovereignty has never been so important.

Sovereignty over an area is generally provided by the presence of people, communities, a governance structure and support infrastructure. Sovereignty can be compromised if one or more of these elements is missing. The support infrastructure required to maintain sovereignty in the North is inadequate. This lack of infrastructure will eventually whittle away at the other support elements that do exist—people and communities.

Canada's sovereignty is currently being challenged by many countries interested in an "over the top" shipping route from Europe to Pacific North America and Asia. The trend of global warming may, in the not too distant future, make trans-navigation of the Northwest Passage economically viable. A highway to the Arctic would help assert Canadian sovereignty over Canadian Arctic waterways as shipping routes become increasingly accessible.

The Mackenzie Valley Highway will Improve Canada's Northern Security and Emergency Response

Existing northern infrastructure is inadequate to respond to northern security, environmental emergencies, natural disasters, and non-environmental accidents in the Mackenzie Valley and the Arctic Coast. As Northern resource development, shipping and polar route flights increase, the threat of environmental emergency or other disaster increases. Surface infrastructure will be instrumental in planning for and responding to the increasing threat of security breaches, accidents or other emergencies.

These risks would be significantly reduced with all-weather road access. All-weather access would protect the delicate northern environment by improving and reducing the high cost of environmental monitoring activities and reducing the emergency response time. In addition, emergency and environmental response equipment, such as pump trucks, that would normally not have access to remote sites would become available. The Mackenzie Valley Highway will be instrumental in the protection of both human and environmental health.

THE BENEFITS

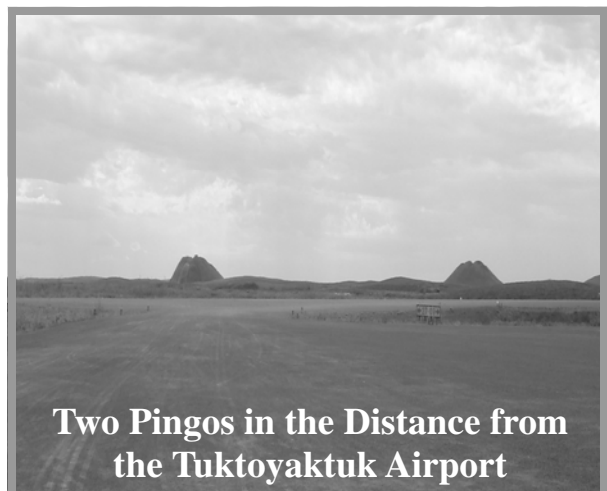
The Mackenzie Valley Highway will Support the Economic and Social Development of Northerners

For the NWT, an all-weather highway would connect Mackenzie Valley and Beaufort Delta communities and provide the mobility and access to services that other Canadians take for granted. Moreover, it would provide the opportunity to diversify the NWT's economy through expanded renewable and non-renewable resource development and tourism opportunities. Increased resource development will, in turn, result in employment, investment, and business opportunities for NWT companies, including manufacturing and value-added opportunities. Economic diversification will lead towards self-reliance and the opportunity for more NWT residents to provide a good standard of living and quality of life for their families.

As of December 2004, the territorial employment rate was almost 71 percent, the second highest in Canada. Despite our booming economy, we continue to observe quality of life indicators that are significantly below national standards. Economic activity in the NWT is unevenly distributed with unemployment rates ranging from 5 percent in Yellowknife to almost 40 percent in smaller communities.

In addition to these alarming employment statistics, population statistics are showing a decline in smaller northern communities. Limited opportunities for employment and the high cost of living are factors contributing to this decline. In northern communities, average basic food prices are almost double the average prices in Yellowknife. For example, a 4 litre jug of milk costs over \$11 dollars in Paulatuk. Transportation system improvements would help turn around this trend and contribute to the sustainability of northern communities and, in turn, northern sovereignty.

Without an all-weather connection some communities' and residents' access to resource development opportunities will be lost. Also lost, will be an opportunity to move forward on an economic diversification agenda for these communities. The all-weather connection will ensure all communities have access to benefit from resource development and related opportunities.



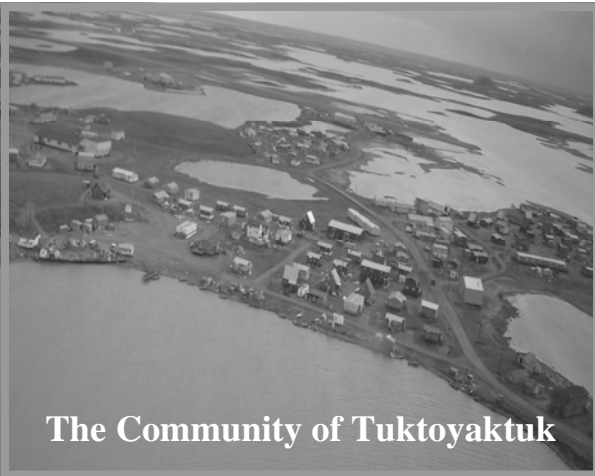
Two Pingos in the Distance from the Tuktoyaktuk Airport

THE BENEFITS

The Mackenzie Valley Highway will Improve the North's Capacity to Adapt to Climate Change

According to the 2003 Environment Canada report on temperature and precipitation trends, warmer than normal temperatures have occurred in 25 of the last 26 seasons, and this warming trend has been strongest in northern Canada. This warming trend in the NWT has and will continue to pose challenges and opportunities for the transportation system.

An all-weather link through the Mackenzie Valley would alleviate the increasing problems associated with the reduction of winter road reliability, uncertainty of road opening and closing dates and reduced periods of operation. Bridge building and all-weather road construction would transform the current intermittent system to one that functions 365 days per year.



The Community of Tuktoyaktuk

The Mackenzie Valley transportation system relies on a number of ferries, ice bridges and winter roads to connect communities and provide access to resources.

Climate change has impacted fall freeze-up and spring thaw dates, which has delayed the opening dates of ice bridges on our all-weather highways and reduced the operating window of our winter road system.

The variable nature of the transportation system adds uncertainty to development projects and poses challenges for community mobility, resupply and economic diversification. The existing limited transportation window makes development and exploration activities expensive and inefficient.

THE CONCLUSION

In summary, the Mackenzie Valley Highway will enhance northern security and sovereignty and improve our ability to respond to emergencies and adapt to changing climatic conditions. The highway will support the non-renewable resource industry, facilitate the diversification of the Northwest Territories economy and improve the quality of life of its citizens who will gain better access to essential services, increased mobility and a lower cost of living. These benefits will realize safer and healthier communities.

An all-weather road corridor will enable us to create an environment that attracts industry, manages development effectively, and maximizes the benefits from resource development. Investment will ensure that additional large-scale resource developments are able to proceed which will, in turn, create numerous opportunities for business and industry in the Northwest Territories, and across Canada. The innovative approach to funding will significantly benefit Canadians, without placing any significant financial burden on any group or level of government.

Support for **Connecting Canada** will ensure that resource development in the Northwest Territories will contribute to self-reliant communities and a strong and prosperous nation. The stream of benefits that will be enjoyed by present and future generations of Northerners and Canadians over the next 30 years, from the Mackenzie Gas Project alone, will:

- ◆ Contribute between \$29 and \$59 billion to the national GDP
- ◆ Create up to \$10 million in labour income
- ◆ Create between 86,000 and 181,000 person-years of employment across Canada, 71% of these jobs created outside the NWT, and

- ◆ Generate between \$6 and \$13 billion in government revenues, of which up to 95% will flow to the federal government.

These benefits, which are already significant, do not include the considerable additional growth from new exploration and development, job-generating secondary industries and reinvestment of profits. Re-investment of profits into new exploration and development could generate an additional \$22 billion in GDP and 272,000 additional person years of employment.

While Northern development offer significant opportunities for Canadians, it also pose significant risks. Canada's sovereignty, security and environmental integrity are threatened with the economic, political and environmental shifts ahead. These challenges, however, can be mitigated through the construction of an all-weather transportation corridor through the Mackenzie Valley to the Arctic Coast. It is crucial that this major corridor be connected to Canada through an all-weather surface transportation link.

Connecting Canada to the Arctic Coast is crucial to the socioeconomic future of Canada. The completion of the Mackenzie Valley Highway to the Arctic Coast will provide enormous opportunities for residents of the Northwest Territories and all Canadians. The benefits would extend coast to coast to coast. The highway is the final step in connecting Canada's three coasts and is critical for the future protection and prosperity of Canadians.

ATTACHMENT 8

RESOURCE DEVELOPMENT IMPACTS

Estimates of the cumulative impact of non-renewable resource development
and the forced growth impact on government programs

Draft - November 10, 2005

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CUMULATIVE IMPACTS OF RESOURCE DEVELOPMENT ON GOVERNMENT PROGRAMS & EXPENDITURES

I. BACKGROUND

Resource development is having a significant impact on the economy and the people of the Northwest Territories. Total mineral production has increased from \$289 million in 1998 to more the \$2.7 billion in 2004. The overall value of the economy has increased by 69% between 1999 and 2004, while capital investment in the territory will total more than \$7.7 billion between 1999 and 2005. During this period of high economic growth, the territory has also returned to population growth, increasing by about 2,500 people between 2000 and 2005. At the same time, incidents of crime have increased by 89% between 1996 and 2004, with incidents of violent crime increasing 54% between 1996 and 2004. Finally, certain indicators of health such as rates of STI's have increased significantly in recent years.

This period of significant activity in the resource development sector, and the economy generally, is expected to continue with the potential development of the Mackenzie Valley pipeline, further gas, oil and mineral exploration activities, development of additional diamond mines, hydroelectric development and other developments such as the Mackenzie River bridge project.

The purpose of this paper is to provide a summary of forecasts of impacts of resource development and to begin to describe the implications for government programs. The focus of the paper is on the proposed Mackenzie Gas Project (MGP) and the incremental activity in oil and gas exploration activity, but also considers cumulative impacts of all development activity. The time period covered is from 2006/07 to 2014/15. A general review of resource impacts in the 2015 to 2030 period is also included.

The paper examines incremental forced growth impacts on government expenditures should existing service levels be maintained. The paper is not a plan for future government expenditures, but rather a planning document to understand where pressures on expenditures are likely to exist. Available resources will be a major determinant how government is able to respond to these pressures. Forecasts of incremental revenue impacts are not included in this paper. There have been significant changes to the Territorial Financing Formula (TFF) between Canada and the Northwest Territories. Further an expert panel is currently reviewing the arrangements and until some certainty is known on the treatment of incremental revenue, it is not possible to forecast the impact of incremental revenues on GNWT operations.

The forecast information provided in this report is the result of a project undertaken by the Bureau of Statistics and the Financial Management Board Secretariat (FMBS) to identify the cumulative impacts of a range of resource development projects that may occur in the NWT over the next 15 years. The purpose of the project is to develop information and tools that will assist the GNWT to anticipate and identify impacts of non-renewable resource development projects and to model the effect of these impacts on GNWT expenditures on programs and services.

It is important to note that while all of the projects included in the forecasts are anticipated to proceed, these forecasts will need to be adjusted in the future as additional information becomes available, project timing changes, or additional development activity is identified. The projects included are in various stages of planning. It is possible that other developments could take place during this period, but are not at the point in the planning process to be included in the current forecasts.

In considering the impact of resource development on government expenditures, there needs to be a clear delineation of the types of expenditure pressures that will be faced by government. The increased expenditures by government can be broken into two categories. The first are referred to as forced growth impacts. The impacts are related to expenditure changes that are needed to maintain existing service levels. An example would be that population increases are likely to lead to increased need for health professionals. A second type of expenditure impact is strategic investments the government may need to either maximize benefits or mitigate negative impacts from development. Selected examples of this type of expenditure impact may be increased funding for a specific training program or increasing health promotion and prevention activities in anticipation of development impacts.

For this report, only forced growth impacts on government expenditures are considered. This does not suggest that strategic investments for mitigation or maximizing benefits are less important, but rather that the focus of this work is on the forced growth aspect.

Section 2 of the report provides details of the development projects that have been included in the current forecasts, and section 3 describes the approach used to produce the forecasts. Section 4 of the report summarizes the key impacts of development, while section 5 provides preliminary descriptions of how the development activity may impact GNWT expenditures on programs. Finally, section 6 provides a preliminary review of the period from 2015 through 2030 and potential development impacts during this period.

2. OVERVIEW OF DEVELOPMENT ACTIVITY IN THE NWT

During the past fifteen years there have been significant changes in the resource sector in the Northwest Territories. The discovery of diamonds has led to the construction of two diamond mines, with at least two additional mines in the planning and development phase. Natural gas wells and pipelines have been developed in the Fort Liard and Cameron Hills areas. Potential development of the Mackenzie Gas Project has led to increased oil and natural gas exploration, with some \$1.6 billion spent on exploration in the Northwest Territories between 2000 and 2004. During this same period, the Giant and Con gold mines have closed in Yellowknife. Overall production of minerals, oil and gas in the Northwest Territories has increased from \$289 million in 1998 to \$2.7 billion in 2004.

The table below provides a list of resource and other development projects that have been included in the cumulative impacts analysis. The general criteria for including projects in the forecast were projects that were existing, in various stages of the environmental assessment or regulatory process, or projects that are reasonably foreseeable. Because this exercise takes a long-term view of development activity in the NWT, the analysis covers the construction phases of development, operational phase and the closure of the development activity.

Table 1
Projects Included in Forecast

Project	Start Date	Project Life (yrs)*
Base Forecast		
Ekati Diamond mine: Operations	1998	12
Diavik Diamond mine: Operations	2003	14
Mineral Exploration - On-going	2004	-
Ekati Diamond mine: Underground Construction	2004	1
Mackenzie Gas Project		
Pipeline Construction	2004	7
Pipeline Operations	2011	25
Field Development	2004	25
Gas production	2011	25
Other Oil & Gas		
Incremental Oil & Gas Exploration & Development	2011	-
Incremental Gas Production	2011	-
Cameron Hills development - 5 wells	2005	8
Cameron Hills development - 48 wells	2013	10
Other Development Activity		
Snap Lake Diamond mine: Construction	2004	4
Snap Lake Diamond mine: Operations	2007	22
Jericho Diamond mine: Construction	2005	1
Jericho Diamond mine: Operations	2006	8
GNWT/Federal government infrastructure program	2004	5
Mackenzie River Bridge: Construction	2005	2
Gahcho Kue Diamond mine: Construction	2009	3
Gahcho Kue Diamond mine: Operations	2011	12
Taltson Hydroelectric development: Construction	2008	2
Bear River Hydroelectric development: Construction	2008	3

For this report, impacts are organized into four categories: base forecast, base forecast plus the Mackenzie Gas Project activity, base forecast, the Mackenzie Gas Project and other oil & gas activity, and, finally, a forecast that includes all development projects. These categories are for analytical purposes only as in many cases projects are inter-related and do not occur in isolation of other activity. For example, incremental activity in oil and natural gas exploration is directly related to the construction of the Mackenzie Gas Project.

3. APPROACH TO FORECASTING IMPACTS

In this section, an overview of the approach employed in developing macro-level forecasts is provided. In addition, a description of the approach used to develop the incremental forced growth expenditure impacts on the GNWT is provided.

Forecasting Resource Impacts

The starting point in developing forecasts of macro indicators for most of the identified projects was publicly available information, primarily from Environmental Impact Statements (EIS) prepared by proponents for their respective Environmental Assessment (EA) processes. As a validation process, and to obtain further project details (e.g., detailed employment, commodity and industry impacts), project information was run through the Bureau of Statistics' input-output model.

The economic modelling provided estimates of project related impacts on the economy, labour income, capital investment and employment. These estimates include not only direct project impacts, but also indirect impacts to industries supporting the development activity and induced impacts as household incomes increase and consumer expenditures rise. This information also provided input to the Bureau of Statistics' NWT population projection and labour demand models to consider impacts on population by age category, housing impacts, municipal service forecasts, occupation demand, and commodity and service demands. These outputs also lead to other specific departmental forecast models.

Working with each GNWT department, key drivers were identified that would help describe future impacts of development on expenditures on programs. Table 2 provides a summary of the indicators to that were developed.

Table 2
Specific Forecast Drivers

Indicators	
a) Population: Population of students Population of students	f. Income levels
b) Gross Domestic Product	g. Social indicators: Crime rates Other social indicators
c) Capital Investments	h. Demand for housing
d) Employment levels: Residential employment	i. Incremental water, sewage and waste volumes
e) Occupation demand: Labour and skill shortages Demand for training services	j. Fuel use and supply
	k. Increased traffic volumes - various models
	l. Incremental industrial activity

Forecasting Forced Growth Impacts on the GNWT

Using the results from impact assessments, specific cost driver models were developed for each GNWT department to estimate the impacts of resource development on departmental expenditures. The basic principle behind these cost-driver models is that changes in program expenditures for the GNWT can be attributed to two main factors: i) price changes, such as increased compensation costs and material costs; and ii) volume changes as population and other aspects of program volume change over time.

Departmental expenditures were broken down by program and by object code for the cost-driver models. The base year for the forecasts was based on the 2005/06 Main Estimates. Expenditures in subsequent years for each cost item were determined using the following formula:

$$Cost_{t+1} = Cost_t \times \Delta Volume \times \Delta Price$$

Examples of volume change used in the models include overall population increases, population increase for specific age groups, employment levels, income levels, traffic volumes or even administrative activities like individual environmental assessment activities. For example, school expenditures can be determined, in part, by growth in the school aged children.

The volume component can, in some cases be further broken down by the following formula:

$$Volume \text{ for Service} = Rate \text{ of Demand for Service} \times Population$$

Service demand is directly impacted by individual choice, or need. Some common examples impacting government expenditures include crimes rates, injury rates, propensity to obtain training services, propensity to access income support programs. Changes in these types of demand for service, in addition to changes in population, provide better estimates of service volume for government programs.

In examining changes in inflationary factors it is extremely difficult to estimate the impact of resource development on costs such as wage increases, transportation and travel prices, materials and supplies, purchased and contracted services. As will be described later, for this paper three scenarios were considered for inflationary impacts, 1.0%, 1.5% and 2.0%. These incremental inflationary impacts were only added for the three main years of MGP construction. Further the incremental inflationary impacts were not applied to wages and salaries for the first two years as this period is covered by the current collective agreement with the UNW.

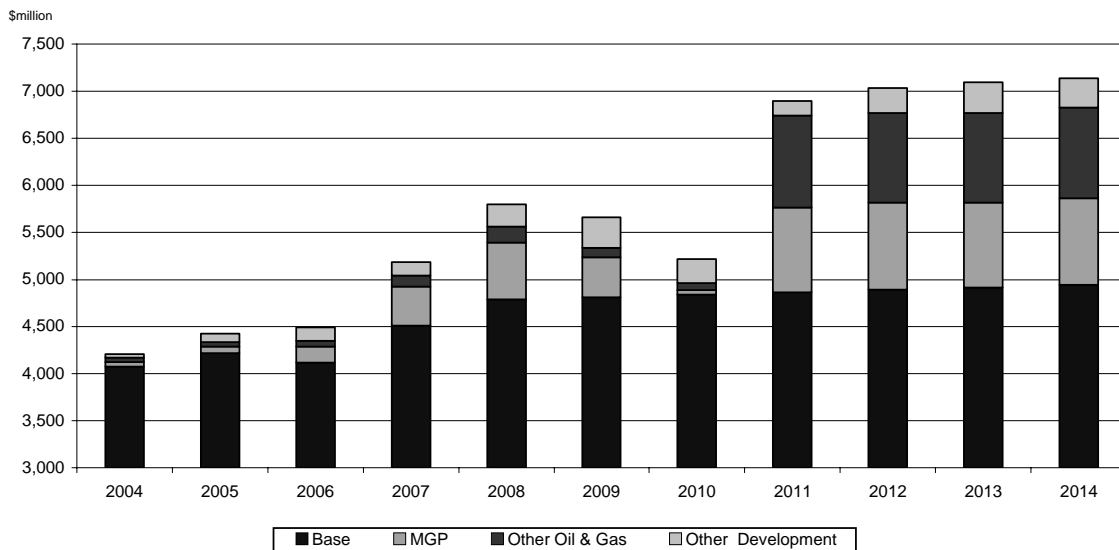
4. SUMMARY OF RESOURCE DEVELOPMENT IMPACTS

In this section a summary of forecasts for selected indicators are provided. Where possible, the impacts are disaggregated between base forecasts, MGP related impacts, other oil & gas impacts and other development activity. This disaggregation is for presentation purposes only. It is clear that there are strong linkages between many of the developments. In several cases, changes in plans for one development would significantly impact other developments.

Overall Economic Growth (GDP)

Development activities that have occurred with the establishment of two diamond mines and the increased activity in the oil & gas sector have lead to very strong economic growth in the Northwest Territories.

*Figure 1
Cumulative Impacts on Gross Domestic Product
Northwest Territories, 2004-2014*



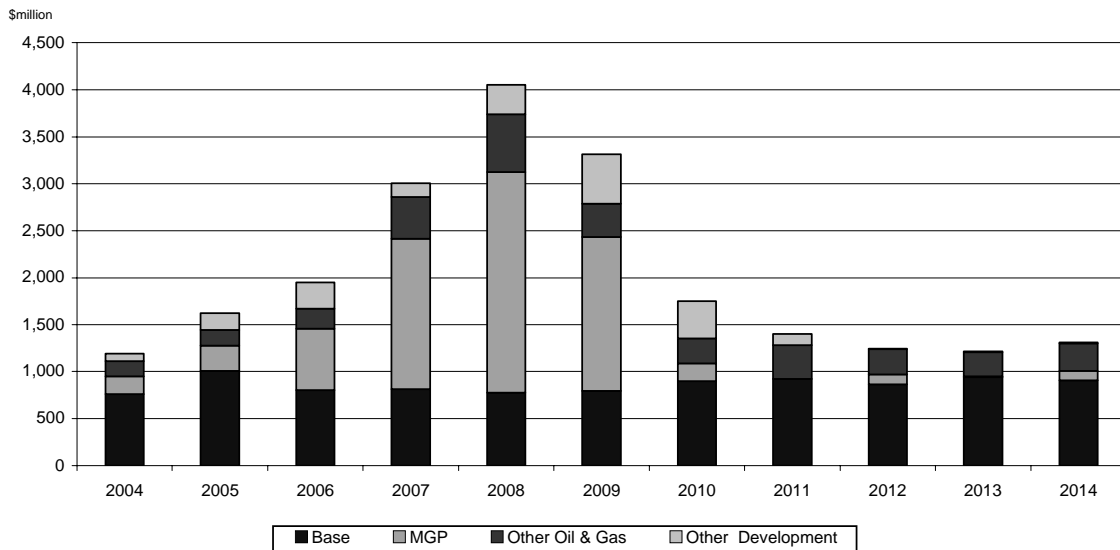
The overall territorial Gross Domestic Product (GDP) has increased by 69% between 1999 and 2004 and was \$4.2 billion in 2004. For the forecast period, territorial GDP is expected to rise to more than \$7.1 billion in 2014 (Figure 1)

The forecasts indicate that while the construction activity related to the MGP will have significant impacts on overall economic activity, the largest impact will be felt when operations begin. Other oil & natural gas developments are also expected to significantly contribute to overall economic activity following 2011.

Capital Investment

Construction of the DeBeers’ Snap Lake and the Gatcho Kue diamond projects; the Mackenzie Valley pipeline, field development and processing facilities; and hydro developments on the Talston and Bear rivers will all contribute to the high levels of capital investment during the forecast period (Figure 2).

*Figure 2
Capital Investment
Northwest Territories, 1999-2014*



While capital investment is expected to peak at \$4.1 billion during the peak of Mackenzie Valley pipeline activity, it is expected to be in excess of \$1 billion for the 2005 to 2010 period.

Employment

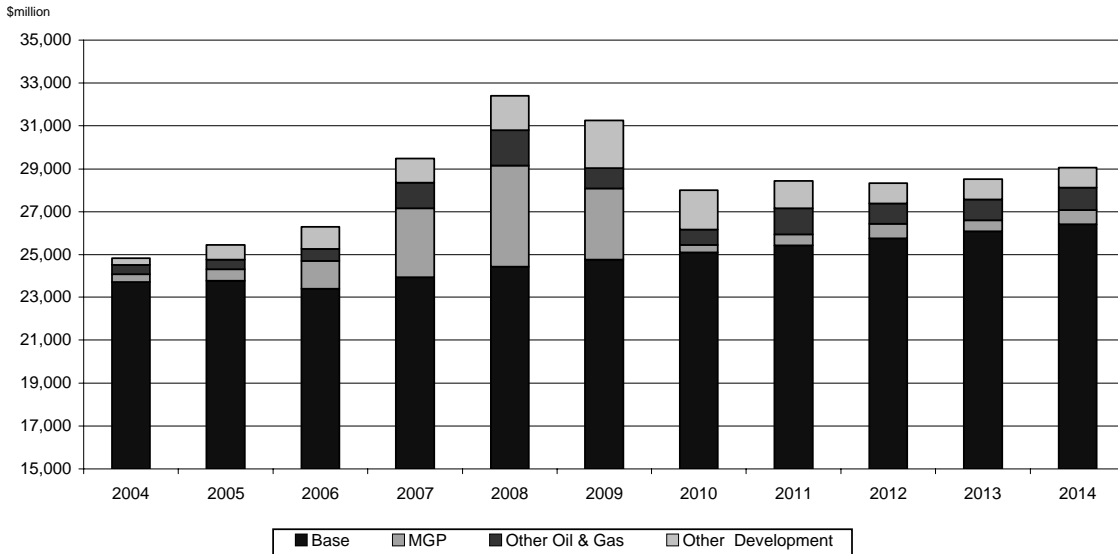
In forecasting employment impacts of resource development consideration needs to be given to resident employment and non-resident employment. Resident employment impacts persons living currently in the Northwest Territories, but also people that move to the NWT. Non-resident employment includes rotational workers that live in work camps and short-term workers that may rotate into territorial communities.

Overall employment in the Northwest Territories is forecast to increase from 24,830 in 2004 to a peak of 32,412 in 2008 (Figure 3). While overall employment will drop following completion of the Mackenzie Valley pipeline, it is expected that employment levels will be greater than 27,000 during the forecast period.

The largest impacts from the MGP will be felt during the construction period with total employment impacts exceeding 4,100 PY's during the peak construction period. Employment impacts during operations for the MGP will be in the range of 500 persons. Other exploration and production activities related to oil and gas are expected to have larger impacts on employment in the period following 2010.

Examining employment by residency indicates that the total non-resident workforce in the Northwest Territories will peak at 8,351 in 2008. Activity related to the MGP, in addition to in other oil & gas activity and other developments will lead to more than 4,200 non-resident employment following the completion of the construction phase of the MGP.

*Figure 3
Incremental Cumulative Employment
Northwest Territories, 2005-2014*



For residential employment, overall employment of NWT residents is expected rise by more than 3,100 persons over the period. Resident employment on the MGP is expected to peak at over 600 during construction and will be about 150 during the operations of the MGP.

*Table 3
Incremental Cumulative Employment
Northwest Territories, 2005-2014*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Overall Employment</i>											
Resident	21,617	21,812	22,032	23,126	24,061	23,972	23,578	24,148	24,172	24,441	24,805
Non-Resident	3,213	3,647	4,260	6,358	8,351	7,282	4,422	4,290	4,168	4,071	4,245
<i>Mackenzie Gas Project</i>											
Resident	50	71	170	419	616	433	46	155	174	156	173
Non-Resident	333	472	1,134	2,793	4,102	2,881	313	359	493	366	486
<i>Other Oil & Gas Activity</i>											
Resident	287	291	369	785	1,080	626	464	761	599	583	637
Non-Resident	151	155	196	414	570	331	246	449	364	368	397
<i>Other Development Activity</i>											
Resident	147	327	464	654	823	1,067	918	778	636	636	620
Non-Resident	151	364	555	472	783	1,148	915	508	311	311	311

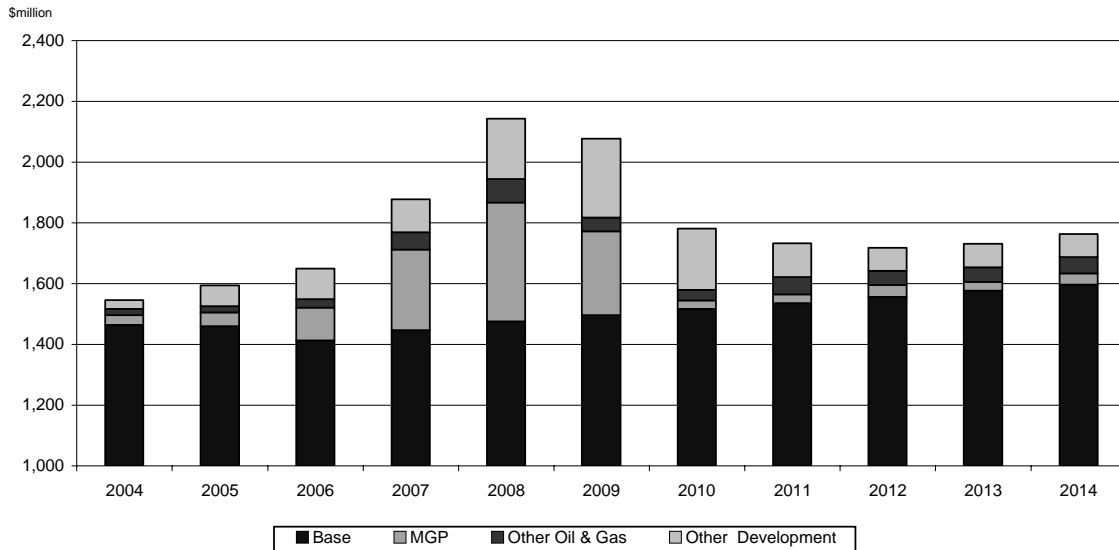
The forecast of 3,100 more territorial residents employed during the peak year compares with 2,454 unemployed persons identified during the 2004 NWT Community Survey. For the peak employment period of during construction of the MGP some additional 2,444 territorial residents are expected to be employed.

These forecasts of demand, coupled with current levels of unemployment reveal part of the challenges of the territorial labour supply. Part of the solution will be through increased migration activity to the Northwest Territories. The potential labour supply in the Northwest Territories is expected to increase by 3,218 between 2004 and 2008 as a result of in-migration and aging in the population.

Income

A positive impact of resource development will be increased income. Figure 4 provides the estimated labour income impacts and forecasts to 2014. The labour income reflects the income generated for both the resident and non-resident workers and follows the employment pattern.

Figure 4
Labour Income
Northwest Territories, 2005-2014



The degree to which territorial residents are able to get employment could result in a lower number of income support recipients, and could affect rents of public housing clients.

Population

Resource development is expected to have positive population impacts over the next decade. With the impact of these developments incorporated into the NWT population projection model, it forecast that the territorial population will increase from 42,810 in 2004 to 48,080 in 2014.

At the peak of MGP construction, larger regional communities are expected to have substantially greater growth as a result of resource development. For example, in 2008 the base forecast projects the territorial population to grow by 1,565 persons. Including resource development the territorial population would be expected to grow by 2,824 by 2008. For individual communities, Yellowknife, Inuvik, Hay River, Norman Wells and Fort Simpson are expected to have significantly larger populations in 2008 than would be the case in the base forecast. However, following completion of the construction phase of the MGP, only Yellowknife and Inuvik are expected to have significantly larger populations as a result of development activities by 2014.

*Table 4
Population Forecast
Northwest Territories and Selected Communities, 2004-2014*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Base Forecast</u>											
NWT	42,810	43,146	43,453	43,915	44,375	44,836	45,290	45,742	46,200	46,648	47,086
Yellowknife	19,056	19,284	19,496	19,795	20,094	20,393	20,694	20,991	21,293	21,590	21,886
Inuvik	3,586	3,639	3,688	3,753	3,816	3,876	3,939	4,001	4,063	4,125	4,187
Hay River	3,876	3,909	3,942	3,993	4,046	4,100	4,153	4,207	4,261	4,317	4,376
Norman Wells	848	860	872	885	904	919	936	953	971	988	1,006
Fort Simpson	1,269	1,271	1,272	1,278	1,285	1,292	1,298	1,305	1,312	1,319	1,326
Other Comms.	14,175	14,183	14,183	14,211	14,230	14,256	14,270	14,285	14,300	14,309	14,305
<u>With Resource Impacts</u>											
NWT	42,810	43,205	43,647	44,880	45,634	45,806	45,921	46,795	47,140	47,583	48,080
Yellowknife	19,056	19,309	19,561	20,257	20,567	20,869	21,132	21,635	21,898	22,203	22,517
Inuvik	3,586	3,645	3,736	3,961	4,141	4,054	3,990	4,231	4,261	4,314	4,394
Hay River	3,876	3,931	3,977	4,085	4,174	4,203	4,207	4,271	4,320	4,375	4,433
Norman Wells	848	862	889	961	1,054	1,017	990	1,002	1,007	1,018	1,044
Fort Simpson	1,269	1,273	1,292	1,363	1,417	1,361	1,316	1,342	1,337	1,338	1,354
Other Comms.	14,175	14,185	14,192	14,253	14,281	14,302	14,286	14,314	14,317	14,335	14,338

Table 5 provides a description of cumulative growth from 2004 for selected communities disaggregated by economic activity. This table presents the cumulative impacts, so the growth from the MGP is added to the base forecast, other oil & gas activity is added to the MGP and base, and then all other developments are added to the base forecast, the MGP and other oil & gas impacts. It is important to remember that the model used to produce the population forecasts have a probabilistic component that means comparisons between simulations should be interpreted with some caution.

Overall, while the MGP and other oil & gas developments are expected to impact the Yellowknife population, the most significant population impact on Yellowknife will be from the other developments like subsequent diamond mine development. For Inuvik, the MGP and other oil & gas developments are the main factors for population growth. Although longer-term impacts are lower, Norman Wells and Fort Simpson are primarily impacted by the MGP and other oil & gas developments. Finally, Hay River is expected to see some short term population impacts from the MGP and other oil & gas developments, while in the more medium term other developments like further diamond development is expected to impact on the population growth for Hay River.

Table 5
 Cumulative Population Growth from 2004
 Northwest Territories, 2005-2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Northwest Territories</u>										
Base	336	643	1,105	1,565	2,026	2,480	2,932	3,390	3,838	4,276
MGP	348	717	1,326	1,904	2,255	2,477	3,031	3,497	3,935	4,380
Other Oil & Gas	350	763	1,594	2,330	2,453	2,602	3,320	3,696	4,135	4,621
Other Development	395	837	2,070	2,824	2,996	3,111	3,985	4,330	4,773	5,270
<u>Yellowknife</u>										
Base	228	440	739	1,038	1,337	1,638	1,935	2,237	2,534	2,830
MGP	229	449	767	1,079	1,365	1,639	1,962	2,265	2,563	2,860
Other Oil & Gas	230	455	806	1,143	1,396	1,657	2,009	2,298	2,598	2,905
Other Development	253	505	1,201	1,511	1,813	2,076	2,579	2,842	3,147	3,461
<u>Inuvik</u>										
Base	53	102	167	230	290	353	415	477	539	601
MGP	58	129	249	356	378	353	493	560	620	687
Other Oil & Gas	59	150	375	557	474	412	650	682	733	814
Other Development	59	150	375	555	468	404	645	675	728	808
<u>Hay River</u>										
Base	33	66	117	170	224	277	331	385	441	500
MGP	35	76	154	226	262	278	330	386	441	497
Other Oil & Gas	35	78	166	247	269	283	338	387	443	501
Other Development	55	101	209	298	327	331	395	444	499	557
<u>Norman Wells</u>										
Base	12	24	37	56	71	88	105	123	140	158
MGP	14	33	70	104	106	92	116	135	150	168
Other Oil & Gas	14	40	112	172	133	106	149	153	168	191
Other Development	14	41	113	206	169	142	154	159	170	196
<u>Fort Simpson</u>										
Base	2	3	9	16	23	29	36	43	50	57
MGP	4	16	46	69	57	31	36	46	53	60
Other Oil & Gas	4	23	95	149	95	48	73	67	71	87
Other Development	4	23	94	148	92	47	73	68	69	85
<u>Other Communities</u>										
Base	8	8	36	55	81	95	110	125	134	130
MGP	8	14	40	70	87	84	94	105	108	108
Other Oil & Gas	8	17	40	62	86	96	101	109	122	123
Other Development	10	17	78	106	127	111	139	142	160	163

Another consideration for population impacts of resource development is non-residents (or rotational workers) from these developments. It is clear that direct project workers who are employed in the Northwest Territories most often reside in work camps and are likely to have relatively little contact with communities. Non-resident workers who are employed in indirectly impacted industries are much more likely to reside within communities in staff houses or within other dwellings.

Based on the economic impact assessments of the resource development projects there are some 3,318 indirect non-resident employees expected in the NWT during 2008 at the height of construction activity for the MGP. Some 1,956 of these employees will be associated with the MGP,

Housing Demand

Housing demand in the Northwest Territories has been forecast based on the population impacts from development and the general effect of population growth. Table 6 shows the expected housing demand from population growth considering a base forecast and with resource development impacts considered. It is difficult to attribute housing changes to solely one activity.

*Table 6
Cumulative Incremental Housing Demand from Population Growth
Northwest Territories, 2005-2014*

	Base Forecast	With Development
2005	199	225
2006	407	469
2007	654	965
2008	915	1,338
2009	1,190	1,564
2010	1,460	1,740
2011	1,709	2,101
2012	1,967	2,327
2013	2,224	2,548
2014	2,486	2,805

Overall, in the Northwest Territories it is expected that with development an additional 2,805 dwellings will be needed to meet growth in the next 10 years. One aspect to note between the projected housing demand in the base forecast and the demand with resource development is the timing of demand increases. Demand level for additional housing are approximately 47% higher in 2007 and 2008 due to resource development.

A further pressure on housing demand is the pent-up demand due to crowding in territorial households. Household size has been declining in the Northwest Territories as household size moves towards the Canadian average. If the trend of smaller household size continues towards the Canadian average, Table 7 shows the cumulative housing demand between 2004 and 2014 including growth from population and demand needed to alleviate crowding problems.

Some caution needs to be used in interpreting the demand from crowding. While crowded housing conditions are an issue, it should also be recognized the some households choose to live in dwellings with extended family members. Further, the identified housing demand may be met in part with current vacancies.

*Table 7
Incremental Housing Demand from Population Growth and Crowding
Northwest Territories and Communities, 2005-2014*

	Total Demand	Demand from Crowding	Demand from Growth		Total Demand	Demand from Crowding	Demand from Growth
Northwest Territories	4,059	1,254	2,805				
Aklavik	0	0	0	Kakisa	3	3	0
Colville Lake	16	9	7	Lutselk'e	26	18	8
Deline	21	13	9	Nahanni Butte	7	3	5
Detah	18	6	12	Norman Wells	84	0	84
Enterprise	6	0	6	Paulatuk	43	13	30
Fort Good Hope	19	16	3	Rae Lakes	28	15	13
Fort Liard	45	18	28	Rae-Edzo	191	124	67
Fort McPherson	19	6	13	Sachs Harbour	4	0	4
Fort Providence	46	26	20	Trout Lake	3	2	1
Fort Resolution	17	0	17	Tsiigehtchic	10	0	10
Fort Simpson	87	23	64	Tuktoyaktuk	83	51	32
Fort Smith	223	106	117	Tulita	55	4	51
Hay River	385	109	276	Wekweti	17	13	4
Hay River Reserve	41	18	23	Wha Ti	57	32	25
Holman	32	0	32	Wrigley	8	7	0
Inuvik	384	60	324	Yellowknife	2,078	559	1,519
Jean Marie River	4	3	1				

An additional pressure on housing that may result from development activities is non-resident workers who occupy dwellings as staff houses on a rotational basis. It is clear that for most development activity that rotational workers working directly on project activities will reside in work camps that will not have an impact on housing. However, there will also be rotational workers in industries that have indirect impacts from development. For example, transportation companies or smaller construction firms could use rotational workers.

*Table 8
Potential Dwelling Use by Indirect Rotational Workers
Northwest Territories, 2005-2014*

	Cumulative Impacts	MGP	Other Oil & Gas	Other Development	Existing Activities
2004	346	72	6	13	255
2005	401	102	6	20	272
2006	668	247	7	27	387
2007	1,167	606	16	23	523
2008	1,508	889	22	41	557
2009	1,178	621	13	52	492
2010	314	71	9	39	196
2011	700	143	53	16	487
2012	867	179	50	8	629
2013	793	145	50	8	590
2014	843	177	51	8	606

Table 8 shows the potential impacts on non-resident rotational workers residing in NWT households. At the peak of MGP construction there could be as many as 1,508 dwellings occupied by rotational workers. This is estimated to include as many as 889 households for indirect industrial activity associated with the MGP.

It should be noted that these are considered potential housing impacts. There is not enough information to know with certainty whether some indirect activity will also be housed in work camps. It is clear that not all would be in work camps, so the above data provides a potential upper limit to impacts on housing units within NWT communities.

Crime

Overall the number of criminal incidents in the Northwest Territories increased by 89% between 1996 when construction on the first diamond mine in the NWT began and 2004. During the same period, the rate of violent crime has increased by 54%. It is difficult to determine the exact extent to which development activities have impacted these changes. However, should crime rates continue to change during the next decade as they have since 1996, the number of criminal incidents in the territory may reach approximately 27,514 by 2014.

A significant issue in these forecasts will be the extent to which rotational workers associated with various development projects interact with communities. In these forecasts, direct project rotational workers that will mainly be in work camps are not expected to influence incidents of crime. Indirect rotational workers do impact the projections on crime.

Figure 5
Actual and Forecast Incidents of Violent Crime
Northwest Territories, 1986-2014

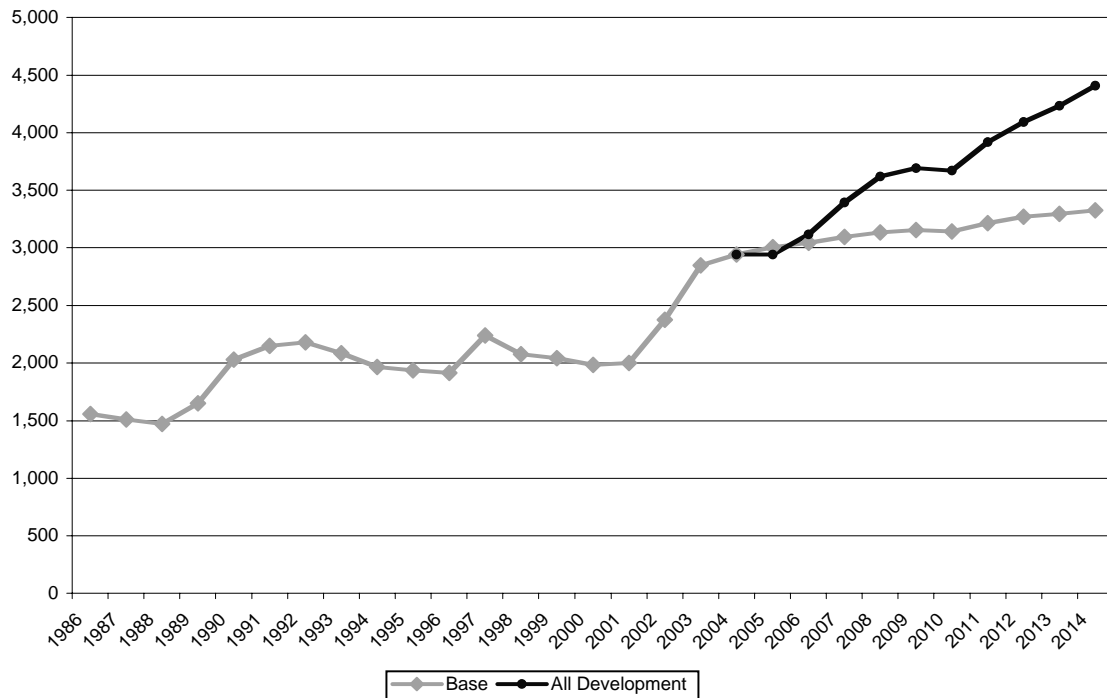
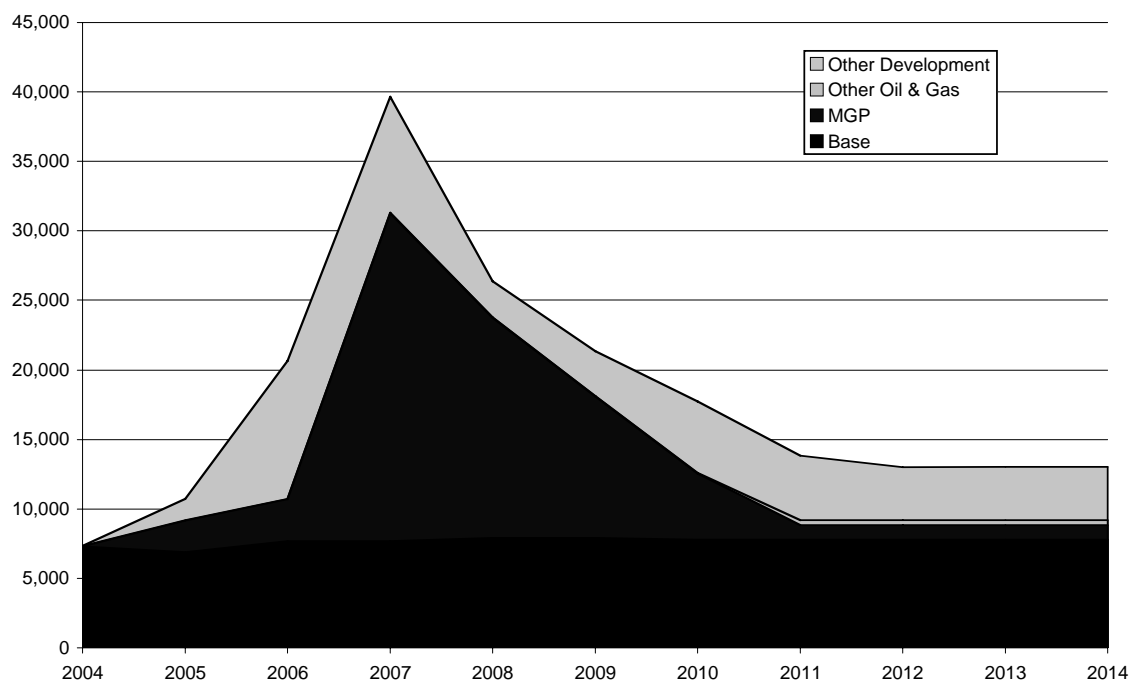


Figure 5 provides forecasts for the incidence of violent crimes. It will be noted that while the overall incidents of crime are expected to increase by over 8,000 over the period, violent crimes are expected to increase by about 1,500 incidents. Much of the increase in crime over the past several years can be attributed to incidents involving 'disturbing the peace' and 'mischief'. These incidents are often related to alcohol use and may speak to the potential negative social impacts of development.

Road Transportation

For the highway system, preliminary estimates indicate that incremental truckloads of materials are expected to increase to over 39,000 truckloads by 2008. These levels will drop to about 13,000 truckloads following 2011 with the development of the Gahcho Kue diamond mine.

*Figure 6
Incremental Truckloads of Material
Northwest Territories, 2004-2014*



These estimated truckloads assume that the pipe for a Mackenzie Valley pipeline will be moved primarily by rail and barge. Current estimates indicate that the 430,000 tonnes of pipe would be transported to Hay River in some 6,000 rail cars and then transported along the pipeline route via 340 barge loads. While some materials for the pipeline is expected to be trucked, it should be noted that should the rail or barging of materials for pipeline construction not be feasible, an additional 20,000 truck loads would be using the NWT highway system and the impacts on the system will be significantly altered.

5. SUMMARY OF FORCED GROWTH IMPACTS

This section provides an overview of the incremental forced growth impacts to the GNWT's programs and services as a result of development activity. As was noted, these impacts are not all potential impacts on the territorial government, but rather focus on the incremental costs of development that will be required to maintain existing levels of service.

The approach used for developing these estimates was to forecast departmental expenditures using the base economic forecast and current inflationary trends. Then for each subsequent scenario, additional development impacts associated with the MGP, other oil & gas development, and then all other development activities described earlier in the paper were added. As such, the following table describes the incremental forced growth impacts. The table is constructed such that first impacts on departmental expenditures related the MGP

development is described. In the second column, the impact of other oil & gas development is included in addition to the MGP. Finally, the incremental impacts of the MGP, other oil & gas and other development activities are presented in the third column.

The second part of the table considers the impact of incremental inflation. These impacts on departmental expenditures are based on the forced growth impacts of all development activities and then include three possible inflation scenarios – incremental inflation of 1.0%, 1.5%, and 2.0%. This incremental inflation is ONLY applied to three years, 2007/08 to 2009/10, which are the three primary years of MGP construction. In addition, incremental inflationary impacts are not applied to wages for the first two of these years as the years are covered by the current collective agreement.

*Table 9
Cumulative Forced Growth Impacts (\$000)
Government of the Northwest Territories, 2005/06 to 2014/15*

	MGP	Other Oil & Gas	Other Develop- ment	Cumulative Impacts ----- with Inflation Effects -----		
				1.0%	1.5%	2.0%
Total	185,428	213,520	227,735	350,679	412,569	474,738
Executive	0	0	0	908	1,364	1,822
Legislative Assembly	0	0	0	1,943	2,923	3,909
FMBS	126	216	274	3,964	5,823	7,692
Finance	22	60	143	1,008	1,443	1,880
MAA	0	0	0	823	1,237	1,652
MACA	773	1,512	2,117	10,780	15,131	19,496
Transportation	56,433	60,023	63,315	70,233	73,713	77,208
Public Works & Services	0	0	0	4,655	6,996	9,347
Health & Social Services	30,183	43,552	38,635	76,939	96,262	115,700
ENR	3,892	5,994	6,066	11,941	14,896	17,863
ITI	616	857	1,055	4,759	6,620	8,489
ECE	2,619	4,782	12,394	41,106	55,550	70,053
Justice	90,640	95,248	103,416	113,408	118,432	123,475
NWTHC	126	1,276	321	8,213	12,177	16,152

Excluding the inflation impacts, the MGP accounts for about \$185 million in incremental forced growth impacts for the GNWT. The Department of Justice, Transportation, Health & Social Services are expected to experience the greatest impacts from the MGP. Total incremental forced growth impacts over the next decade from all developments are estimated to be \$228 million.

Including the three inflation scenarios, the incremental forced growth impacts for the GNWT as a result of development ranges from \$351 million with a 1.0% inflation assumption, \$412 million with a 1.5% inflation assumption, and \$475 million with a 2.0% inflation assumption.

It is important to remember that these impacts are forced growth impacts. Other strategic expenditures in order to maximize benefits or mitigate negative impacts from development are not included.

The following describes some of the main areas of forced growth impacts for GNWT departments that are expected to be impacted by the greatest amount.

Department of Justice

Increased crime rates, coupled with increased population and the presence of non-resident indirect project workers in communities have the greatest influence on Department of Justice incremental expenditures which are estimated to be more than \$123 million during the coming decade.

The overall incremental impact can largely be attributed to increased policing costs, which account for 41% of the incremental expenditure impacts related to resource development activities. As not all incremental crimes result in court or corrections activity, the impact on these activities are less. However, much of the remaining impact on the Department of Justice can be attributed to incremental activities associated with courts and corrections.

Department of Health & Social Services

Population increases and the impacts of net impact of non-residents workers on the NWT health care system are expected to have the greatest influence on Department of Health & Social Services incremental expenditures which are estimated to be more than \$115 million during the coming decade.

Hospital and physician services account for much of the impact, although a significant impact on health centers are also expected. Other incremental impacts, primarily due to inflationary effects, will be felt in medical travel, health benefits, social services, mental health and addictions, family violence, child protection, foster care and residential care activities.

Department of Transportation

Increased truck transportation and increased airport operations associated with the movement of non-resident workers are the largest contributors to the incremental forced growth expenditures that will be experienced by the Department of Transportation over the coming decade. Overall, incremental forced growth expenditures impacts are estimated at \$77 million for the Department of Transportation.

Highway operations and maintenance are the main area impacted by resource development activity in the Northwest Territories, accounting for nearly 50% of the incremental expenditure impacts. The largest remaining impact relates to airport operations. Other impact areas of note are the winter road program, road construction costs, and the carrier and inspection program.

Department of Education, Culture & Employment

Population increases and inflationary impacts are expected to have the greatest influence on the Department of Education, Culture & employment incremental expenditures that are estimated to be more than \$70 million during the coming decade.

Schools and colleges are expected to experience the largest incremental forced impacts from resource development. Inflationary impacts are expected to contribute to an expected incremental increase of \$17 million in income support and rental subsidies over the period.

*Table 10
Forecasts of Departmental Operating Expenditures (\$million)
Government of the Northwest Territories, 2005/06 to 2014/15*

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<u>Base Forecast</u>										
Total	912	953	995	1,027	1,062	1,098	1,138	1,178	1,219	1,260
Executive	9	9	10	10	10	10	11	11	11	12
Legis.Assembly	14	14	15	15	16	16	17	17	18	18
FMBS	29	30	31	32	33	34	35	36	37	38
Finance	8	8	9	9	9	9	10	10	10	11
MAA	8	8	9	9	9	10	10	10	10	11
MACA	80	84	87	89	92	95	98	101	104	107
Transportation	54	57	59	61	63	65	68	70	72	75
Public Works	41	43	45	46	47	49	50	52	53	55
Health & Social Serv.	245	256	267	276	286	296	306	317	328	340
ENR	51	53	56	57	59	61	63	65	67	69
ITI	35	36	37	38	39	41	42	43	45	46
ECE	237	246	256	263	271	280	289	298	307	317
Justice	76	80	84	87	91	93	98	102	106	110
NWTHC	23	27	31	33	36	39	43	46	50	53
<u>With Forced Growth Impacts</u>										
Total	912	964	1,031	1,077	1,131	1,153	1,197	1,239	1,283	1,330
Executive	9	9	10	10	10	11	11	11	12	12
Legis.Assembly	14	14	15	15	16	17	17	18	18	19
FMBS	29	30	32	33	34	35	36	37	38	40
Finance	8	8	9	9	9	10	10	10	10	11
MAA	8	8	9	9	10	10	10	10	11	11
MACA	80	84	88	90	95	98	101	104	107	110
Transportation	54	62	73	73	75	74	75	76	79	82
Public Works	41	43	45	46	49	50	52	53	55	56
Health & Social Serv.	245	258	277	294	307	308	319	330	341	354
ENR	51	54	57	60	62	63	65	67	69	71
ITI	35	36	38	39	41	42	43	45	46	47
ECE	237	247	258	267	281	290	299	308	318	328
Justice	76	82	91	98	103	105	113	120	126	134
NWTHC	23	27	31	33	38	42	45	49	53	56

Table 10 provides the forecasts for the total and departmental operational expenditures for the base forecast and with the incremental impact of resource development activities included. It is important to remember that this does not include any strategic investments to maximize benefits of development or mitigate negative impacts. It also does not include any investments in other new initiatives the GNWT may need to undertake to achieve its' goals.

6. DEVELOPMENT ACTIVITY FROM 2015 TO 2030

This report has provided detailed estimates of economic and other impacts and of forced growth in GNWT expenditures through to 2014/15. However, the development of the MGP is expected to have continued impact beyond this period as additional exploration and development in the oil & natural gas industry takes place.

It is extremely difficult to predict developments in the non-renewable resource sector too far into the future. Demand for commodities and other worldwide factors influence the decision to develop resources and it is obviously not possible to know with any certainty the results on additional exploration activity.

Within that context, examining the major developments that have been included in the previous section provides some indication of changes that could occur in the Northwest Territories during the 2015 to 2030 period as a result of resource development. These developments may not be the only resource development activities during the period, but they do provide a basis for considering additional impacts during the period.

For the diamond industry, based on their EIS the Ekati diamond mine is currently expected to shutdown in 2015, while Diavik would shutdown in 2018. The Snap Lake Diamond mine, which has started construction, would also shutdown during this period in 2029, while the proposed Gahcho Kue mine would shutdown in 2023.

The natural gas fields during the MGP are expected to operate throughout the 2015 to 2030 period. The proponent for the MGP has identified some potential other developments that could occur during this period in the oil & natural gas sector. These developments included incremental field development in the Mackenzie-Delta, development of wells in the Beaufort Sea, and development of fields in the Colville Hills area.

Table 11 provides an overview of the cumulative total impact of the changes on the Northwest Territories during the 2015 to 2030 period. This table should be interpreted with some caution as this reflects the total impact, which could vary significantly by year. Obviously, during construction activities for incremental oil & gas development involve large employment levels for a short period of time.

Even with closure of Ekati and Diavik mines early in the 2015 – 2030 period, the diamond industry will continue to have impacts. However, it is expected that all four of the diamond mines included in the analysis will be closed by the end of the period.

Overall, these activities are expected to add \$2.5 billion on average to GDP in the Northwest Territories each year, \$366 million in labour income, and an average of over 11,000 jobs, although many will be filled by non-residents.

Table 11

Forecasts of Cumulative Total Impacts (NUMBERS NEED TO BE VERIFIED)
Northwest Territories, 2015-2030

	Cumulative Total	Annual Average
<u>Gross Domestic Product</u> (\$million)		
MGP	11,200	747
Diamond Industry	6,906	460
Other Oil & Gas	19,350	1,302
<u>Labour Income</u> (\$million)		
MGP	472	31
Diamond Industry	1,376	92
Other Oil & Gas	3,645	243
<u>Employment</u> (no.)		
MGP	7,505	500
Diamond Industry	18,360	1,224
Other Oil & Gas	141,885	9,459

7. CONCLUSION

Resource development activities are clearly going to have a significant impact on the population and economy of the Northwest Territories. The analysis of incremental forced growth impacts of resource activity on GNWT expenditures indicate that the impacts of the development activities included in the analysis could add \$475 million in operational expenditures for the GNWT between 2005/06 and 2014/15 in order to maintain existing service levels.

It is important to reiterate that the report is not intended to be a plan for future government expenditures, but rather a planning document to understand where pressures on expenditures are likely to exist. Available resources will be a major determinant how government is able to respond to these pressures. An important component of this is an agreement on the devolution of responsibility for northern lands and resources from the federal government to northern governments. Equally important, this transfer must be accompanied by an agreement that makes northern governments the primary beneficiaries of the revenues generated by these northern resources.

Further, this analysis of the incremental impact on government expenditures includes only changes in demand for service and price impacts and does not consider strategic investments that may be needed to maximize benefits or mitigate negative impacts of development. With the development of the MGP, the potential development of other oil & gas fields, and the continued production in the diamond industry it is likely that these impacts on the GNWT are to continue into the 2015 to 2030 period.

Finally it should be noted that the analysis presented in this report is based on forecasts. As such, this work needs to be updated and adjusted as new information about development activity is obtained. In addition, further adjustments may be needed as additional information on the impacts of development on demand for GNWT services is developed.

