



Backgrounder

R(15)020206223 NWT Budget
YELLOWKNIFE (February 2, 2006)

The 2006-07 Budget shows that the GNWT remains within the guidelines of its Fiscal Responsibility Policy with projected operating surpluses of \$18 million for 2005-06 and \$31 million for 2006-07.

Economic and Fiscal Review

- ◆ Led by non-renewable resource developments, the NWT economy is expected to grow by 7.6 per cent in 2006.
- ◆ 2006-07 GNWT revenues are forecast to be \$1.1 billion, a 5 per cent increase from the 2005-06 Main Estimates amount.
- ◆ 2006-07 expenditures are budgeted to be \$1.07 billion, an increase of 7 per cent from the 2005-06 Main Estimates amount.

Fiscal Strategy

- ◆ The GNWT's fiscal strategy revolves around the Fiscal Responsibility Policy, which provides a framework to ensure a coordinated strategy for responsible spending, borrowing and debt repayment. Key to the Policy are the guidelines that require the GNWT to monitor expenditures to ensure that it is able to fund a minimum of 50 per cent of annual capital investments through cash surpluses generated from operations.
- ◆ Much of the GNWT's fiscal strategy will depend on the federal government taking positive action on the following issues:
 - ◆ The federal response to the recommendations of the Expert Panel on Equalization and Territorial Formula Financing must result in new formula financing arrangements that reflect the needs of the Northwest Territories.
 - ◆ The federally imposed \$300 million borrowing limit must be changed to one that reflects the GNWT's capacity to finance debt.
 - ◆ Devolution of Northwest Territories' resources to NWT governments, including a resource revenue sharing agreement that provides a net fiscal benefit to the GNWT, must be concluded.
 - ◆ Maintain the \$500 million commitment of financial support to address the social and economic impacts of the Mackenzie Valley pipeline.

Revenue Initiatives

- ◆ To encourage and improve competitiveness in the NWT, the Budget includes a proposed reduction in the Corporate Income Tax rate on large corporations from 14 per cent to 11.5 per cent, effective July 1, 2006.

Expenditure Measures

The 2006-07 funding initiatives address the goals and objectives outlined in the GNWT's *Strategic Plan*. Major initiatives include:

Healthy, Educated People Living in Safe Communities

- ◆ \$400,000 to develop and implement the Healthy Choices Framework – a healthy eating and physical activity communication plan and a curriculum for NWT schools.
- ◆ \$6.4 million to meet increased demand for health services.
- ◆ \$1.8 million to increase contributions to Education districts and authorities for student support funding from 15 per cent to 17 per cent of all operations funding in a school year.
- ◆ \$1.6 million for on-going delivery costs of full-time kindergarten programs.
- ◆ \$240,000 to fund a pilot program for distance learning community-based education.
- ◆ \$326,000 to increase the low-income senior citizen supplementary benefit from \$135 to \$160 per month.
- ◆ \$500,000 to implement a Northern Youth Program to coordinate GNWT youth-based initiatives.
- ◆ \$696,000 to help fund the NWT Games Program, and NWT's participation in the 2008 Arctic Winter Games and the 2007 Canada Winter Games.

Well-Governed, Sustainable Communities

- ◆ \$4 million for the Community Capacity Building Fund to construct new affordable housing units in 14 of the smallest NWT communities.
- ◆ \$1.3 million for the Northern Community Insurance Program to help address the insurance implications of the transfer of community public infrastructure from the GNWT to community governments.
- ◆ \$715,000 to improve the management of drinking water in various NWT communities.
- ◆ \$440,000 to help build community government capacity to address Mackenzie Gas pipeline issues.
- ◆ \$350,000 for the interim grant program for 2006-07 to flow property tax revenue under the New Deal for Community Governments to those communities that do not currently raise their own property tax revenues.
- ◆ \$4.5 million in community infrastructure funding from the federal Gas Tax Transfer Agreement.

Diversified Economy

- ◆ \$1 million to implement Tourism 2010, a multi-year tourism plan designed to help the NWT compete more effectively for tourists in the global marketplace.
- ◆ \$1 million in contribution funding to the Northwest Territories Energy Corporation and its project partners to complete the work necessary to file a permit application for construction of the Taltson Hydro Expansion Project.

- ◆ \$1.3 million to address Mackenzie Gas pipeline issues including assisting impacted communities to prepare for and participate in the Joint Review Panel and National Energy Board hearings and support the GNWT as an intervener in these reviews.

Strong Northern Voice and Identity

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

Infrastructure Investment

Total infrastructure investment expenditures for 2006-07 are budgeted to be \$141 million. This includes \$111 million in direct investment in capital assets and \$30 million for infrastructure contributions (included in departmental operating expenditures). The infrastructure contributions are mainly for community and regional operations.

The major infrastructure capital investments included in the 2006-07 Infrastructure Acquisition Plan of \$111 million are:

- ◆ \$19.7 million for three new schools and for renovations in other schools;
- ◆ \$2.6 million for upgrades to water treatment plants, solid waste disposal sites and sewage treatment plants and various community building repairs;
- ◆ \$9.8 million for airport improvements, including \$5.2 million for runway enhancements, \$3.6 million for buildings and \$1 million for airport equipment;
- ◆ \$35.6 million for various highway programs, including \$11 million for the Mackenzie Valley Winter Road bridge program;
- ◆ \$2.2 million for upgrades and building repairs in various territorial parks;
- ◆ \$1.4 million for the North Slave wildlife laboratory complex;
- ◆ \$1.1 million for forest management infrastructure including improvements to the North Slave heliport;
- ◆ \$1.6 million for improvements at the Prince of Wales museum, including \$1.4 million to build the Aviation Gallery;
- ◆ \$6.4 million for replacement of student residences in Fort Smith and to build new student residences in Inuvik;
- ◆ \$11.9 million for renovations to hospital units, medical equipment and health record management upgrades; and,
- ◆ \$6.8 million for tank farm code upgrades and capacity increases.

Full Budget documents can be found on the Department of Finance website at www.fin.gov.nt.ca. Visit www.gov.nt.ca/FMBS.documents/mainestimates/Main_Estimates.html for the 2006-07 Main Estimates.