

For R(15)080207375

2007-08 Budget Prepares the Northwest Territories for Key Challenges Ahead

Budget 2007-08 Highlights

- ◆ The operating surplus for the current fiscal year (2006-07) is projected to be \$46 million. Responsible fiscal management has ensured that the Government of the Northwest Territories (GNWT) will need to borrow only \$8 million to meet its obligation to repay \$290 million in corporate tax overpayments by the end of 2006-07.
- ◆ For the coming fiscal year, 2007-08, total revenues are estimated to be \$1.23 billion. Territorial Formula Financing arrangements for 2007-08 and beyond are uncertain until the federal government's budget is tabled, but the federal Minister of Finance has guaranteed that the 2007-08 Territorial Formula Financing Grant will not be less than \$764 million.
- ◆ 2007-08 expenditures are expected to increase \$89 million from the 2006-07 budget. This includes \$55 million to address increased social program costs and \$38 million in additional spending on key priorities.
- ◆ Public infrastructure investments are budgeted at \$151 million, including \$30 million to fund school renovations and construction and \$37 million for road transportation projects.
- ◆ An operating surplus of \$44 million is forecast for 2007-08, keeping the GNWT within the guidelines of its *Fiscal Responsibility Policy*. The GNWT's direct debt at the end of the year is estimated to be \$50 million, with total debt subject to the \$300 million debt limit estimated at \$189 million. Moody's Investors Service has upgraded the GNWT credit rating from Aa3 to Aa1.

2007-08 Expenditure Measures

Social Programs

This year's budget includes key investments in education, health care and social services, including funding for new schools in Tulita, Gameti, N'Dilo and Yellowknife, construction of an Aurora College Learning Centre in Fort Simpson, as well as planning for a new school in Inuvik. Funding has also been allocated to renovate parts of the

Stanton Territorial Hospital and the Fort Smith Health Centre, and consolidate the medical clinics in Yellowknife. Additional social program investments include:

- ◆ \$962,000 to complete the implementation of full-day kindergarten;
- ◆ \$1 million to enhance child care subsidies;
- ◆ \$3 million to increase student support;
- ◆ \$3.9 million to reduce the pupil-teacher ratio, and provide expanded physical education and trades programs in Northwest Territories schools;
- ◆ \$301,000 to support the delivery of a Language and Cultural Instructor Program at Aurora College;
- ◆ \$175,000 to enhance literacy programs and supports;
- ◆ \$320,000 to enable the Department of Transportation to hire apprentices to work with journeymen in the department;
- ◆ \$360,000 for an Aboriginal Wellness Program;
- ◆ \$137,000 to promote reduced use of tobacco;
- ◆ \$431,000 to support increasing costs for taking care of the elderly, people with disabilities, and services provided for long term care;
- ◆ \$1.2 million to strengthen rehabilitation services;
- ◆ \$1.3 million for increased costs for physician and hospital services;
- ◆ \$425,000 for non-government organizations to address increasing costs of providing critical services;
- ◆ \$32.5 million to build 168 housing units as part of the NWT Housing Corporations *Affordable Housing Initiative*;
- ◆ \$428,000 to establish an RCMP detachment in Sachs Harbour;
- ◆ \$688,000 to expand activities of Community Justice Committees;
- ◆ \$233,000 to enhance Legal Aid;
- ◆ an additional \$1.9 million to support RCMP activities across the Northwest Territories;
- ◆ \$695,000 to address Homelessness;
- ◆ \$262,000 to support a pan-territorial sports strategy; and
- ◆ \$180,000 to support the *Healthy Choices Framework*.

Governance

- ◆ Flow \$22.5 million in formula funding directly to community governments under the *New Deal*;
- ◆ \$4.1 million to increase contributions under the municipal funding formula;
- ◆ \$3 million to increase funding for water and sewer services;
- ◆ \$800,000 for the municipal insurance program; and
- ◆ \$150,000 to support the development of community energy plans.

Protecting Our Environment

- ◆ \$500,000 in additional funds to complete biophysical studies used to monitor, assess and mitigate the effect of proposed resource developments in the western Northwest Territories; and,
- ◆ \$500,000 in additional funds for the *NWT Barren-ground Caribou Management Strategy* to further our efforts to protect this important and declining resource.

Supporting Economic Growth

- ◆ \$1.7 million to support planning for the Mackenzie Gas Project and to ensure adequate preparation to meet the demands and maximize the benefits that this project will bring to the NWT;
- ◆ renewal of the \$1 million investment in the *Tourism 2010 Strategy*;
- ◆ \$200,000 increase to the Genuine Mackenzie Valley Fur Price Program budget;
- ◆ \$120,000 in additional funding for the Community Harvesters Assistance Program; \$247,000 for the Fort Smith Metis Council Western Harvesters Assistance Fund; and \$211,000 for the Salt River First Nation Harvester Assistance Fund; and
- ◆ more than \$47 million to fund improvements to existing highways and winter roads, to replace bridges and to undertake airport improvements.

Revenue Initiatives

The budget includes no tax increases. The GNWT is committed to maintaining a fair and competitive tax structure, that will generate the necessary revenues to fund programs and services, but also encourages people to live, and businesses to invest, in the NWT.

A Look Back

As this is the last budget of the 15th Assembly, the 2007-08 Budget notes some of the major achievements over the last three years:

- ◆ Implementation the *Fiscal Responsibility Policy* to guide the management of GNWT's fiscal resources and investments.
- ◆ Increasing funding for social programs by more than \$94 million, which allowed for:
 - increasing the number of doctors and nurses and improve health services;
 - strengthening school programs and support for students;
 - renewing the mandate of the NWT Housing Corporation; and
 - launching a comprehensive review of income security programs.
- ◆ Implementation of the *New Deal for Community Governments*, which assigns local responsibility and accountability for community decisions.
- ◆ Focusing efforts on achieving sustainable economic growth and balancing support for large resource developments with other sectors through:
 - establishing the Department of Industry, Tourism and Investment;
 - consolidating support for small business through a new Business Development and Investment Corporation;
 - completing the necessary socioeconomic agreements with the proponents of the Mackenzie Gas Project and the DeBeers Snap Lake Project, to ensure northern employment and business opportunities; and
 - expanding support for tourism, arts and crafts and the traditional economy.
- ◆ Ensuring protection of the environment continues to be a priority by:
 - creating the Department of Environment and Natural Resources to provide a focus for the government's role in environmental stewardship;
 - implementing a beverage container recovery program; and
 - advancing the *Species at Risk* legislation.
- ◆ Investing almost \$300 million in capital projects, providing essential support for winter roads, bridges and paving projects, and new or renovated schools in nine communities.