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2009-10 Budget – Challenges and Opportunities

Budget 2009-10 Highlights

- ◆ The GNWT's goal of long-term fiscal sustainability remains unchanged. However, the government's fiscal plan has been adjusted in the 2009-10 Budget to support the NWT economy and residents in this time of economic uncertainty.
- ◆ The 2009-10 Budget proposes operating expenditures of \$1.2 billion. This represents an operating expenditure increase of \$23 million, or about 2.0 per cent, over the previous year's Budget. This modest growth was achieved through a combination of expenditure reductions and new investments.
- ◆ The 2009-10 Budget includes the first \$15 million of a planned four-year \$60 million investment in energy initiatives aimed at reducing the NWT's reliance on diesel fuel, the cost of living and the NWT's greenhouse gas emissions.
- ◆ Total revenues are estimated to increase 3.9 per cent from \$1.26 billion in 2008-09 to \$1.3 billion in 2009-10. Most of the increase is from an additional \$59 million in the Territorial Formula Financing Grant and \$7.3 million in new own-source revenues.
- ◆ The record \$246 million investment in public infrastructure approved in the 2009-10 Capital Budget last October will be financed partly through the budgeted \$58 million operating surplus and partly through an estimated \$81 million in short-term debt. This debt will be repaid early in 2010-11 when new revenues are received.

2009-10 Strategic Initiatives

The 2009-10 Budget proposes to invest \$44 million in new and continuing initiatives.

- ◆ ***Investing in our Economy*** – despite the current economic slowdown, the long-term fundamentals of the NWT economy are solid. With proposed new initiatives of \$15.7 million, this Budget balances immediate economic stimulus to employ Northerners and support NWT business with longer term investments to address the high cost of living that affects our ability to grow and diversify the NWT economy. This includes \$4.4 million to support NWT arts and culture and to promote the NWT as a great place to work and do business; \$1.2 million in further support for business through the Support to Entrepreneur and Economic Development program and other programs; \$1.6 million to help the NWT's residents improve their skills for working and living; \$6.5 million in energy conservation and other initiatives to reduce the cost of living; and \$2.1 million to continue the work needed to ensure Northerners are ready for the proposed Mackenzie Gas Project.

- ◆ ***Investing in our Environment*** – using NWT land and water resources in a sustainable way and protecting these resources for future generations is a key priority of the government. A total of \$14.9 million will be invested to ensure that NWT lands and water resources are used in a sustainable way, including: \$2.1 million to continue work on the land, resource and self-government negotiations; \$2 million on environmental stewardship such as developing a new *Wildlife Act*, implementing the proposed *Species at Risk Act* and completing and implementing the proposed *NWT Water Strategy* and *Land Use Framework*; and \$10.8 million for energy development and other energy investments to reduce the NWT reliance on fossil fuels.
- ◆ ***Investing in our People*** – the 2009-10 Budget proposes investments totalling \$9.7 million including: \$1.5 million for initiatives that encourage healthy choices and address addictions; \$1.2 million to expand programs for children and youth; \$775,000 to increase safety and security of individuals and communities; \$2 million to strengthen the care for seniors; \$150,000 to support volunteerism; and, \$3.8 million to attract and keep people in the GNWT and community government public service.
- ◆ ***Refocusing Government*** – the 2009-10 Budget continues the actions started in 2008 to achieve greater effectiveness and efficiency in government operations and in delivery of programs and services through \$3.7 million in new and continuing initiatives. In addition to additional funding for program review, increased maintenance and building capacity, this funding includes \$390,000 to increase support for non-government organizations delivering services to NWT residents on behalf of the GNWT.

Revenue Initiatives

In the 2008-09 Budget, the government committed to raising an additional \$10 million in revenues for 2009-10. This target was reduced in light of the current economic climate, and \$7.3 million in tax increases are included in the 2009-10 Budget. These increases will bring the following taxes in line with inflation:

- ◆ 2009 property tax rates on mining, oil and gas, and pipeline properties and the education mill rate for all properties in the General Taxation Area will be adjusted to increase revenues from these sources by 15 per cent. These rates have not changed since 2003 and 2000, respectively.
- ◆ Effective April 1, the NWT tobacco tax will increase by an estimated \$11.20 a carton, to reflect current prices. NWT tobacco taxes were last changed in 2003.
- ◆ Effective April 1, the NWT mark-ups on liquor, beer and wine will be increased by 10 per cent. NWT liquor mark-ups were last changed in 2003.
- ◆ Effective April 1, the Department of Transportation will be increasing a number of fees to raise an additional \$300,000 annually in areas such as vehicle licensing.

Many of the fees the government charges have not changed for a long time. There will be a review of all GNWT fees and charges in 2009-10 to ensure that fees keep pace with inflation and better reflect the cost of providing the associated services.