

### Budget 2016-17 Highlights

- The Government of the Northwest Territories' (GNWT) Budget 2016-17 charts a course that to align expenditure growth with revenue growth in order to generate the operating cash surpluses necessary to protect and extend the life of existing infrastructure and begin to address the \$3.4 billion infrastructure deficit, including infrastructure priorities identified in Assembly's Mandate.
- The 2016-17 Budget projects an operating surplus of \$119 million in 2016-17 from revenues of \$1.8 billion and expenditures of \$1.66 billion. Overall, the projected deficit is \$54 million.
- Including the \$320 million in 2016-17 infrastructure spending approved in October 2015, total spending will be \$1.98 billion, a shortfall that will require a \$54 million increase in short term borrowing. The Borrowing Plan included in the Main Estimates projects total estimated borrowing of \$783 million for the 2016-17 fiscal period for the GNWT and its public agencies. The Government's \$543 million share includes \$312 million in short-term borrowing and \$231 million in long-term borrowing. For fiscal flexibility to address any revenue or expenditure shocks, the GNWT will be requesting a short-term borrowing limit of \$377 million in the *2016-17 Appropriation Act*.
- The Northwest Territories economy is expected to grow 2.6 per cent in 2016, reflecting activity in the diamond mine industry but private sector investments are expected to decrease 35 per cent from 2015 to 2016.

### Fiscal Strategy

- The Fiscal Strategy in Budget 2016-17 is guided by the GNWT's on-going commitment to the *Fiscal Responsibility Policy*, which prudent financial management guidelines include not borrowing to fund day-to-day operating spending and managing expenditures so sufficient operating cash surpluses are generated to fund at least half of annual infrastructure investments. The operating surpluses help the GNWT maintain a good Aa1 credit rating so that borrowing costs do not increase and provide the GNWT with the ability to make required infrastructure investment in such things as health facilities, schools, parks, highways, and runways that deliver essential government programs and support the economy.
- The GNWT has announced a target of \$150 million in savings or new revenues to establish a short term cash surplus position by the end of the 18<sup>th</sup> Assembly. The 2016-17 Budget has identified \$53 million in expenditure reductions, or 3 per cent of the total operating budget, and are raising \$15 million in new revenues over four years.

This combination of expenditure management and increased revenue totals almost \$68 million, or 45 per cent of the target.

### **Revenue Initiatives**

- Budget 2016-17 does not include any new taxes. Effective April 1, 2016, property tax mill rates and a number of fees will be adjusted for inflation, in line with the GNWT's indexation policy on taxes and fees.
- This Budget proposes to eliminate the \$3 million taxpayer subsidy at the Yellowknife Airport by bringing airport fees in line with those charged by comparable airports in the south and by introducing an airport improvement fee of \$20 per passenger travelling south and \$10 for those flying north. These changes will provide an estimated \$10 million in new revenue annually. The Budget also proposes that a revolving fund be for the Yellowknife Airport so that these revenues can be used directly to improve services, invest in capital, promote business development and to better position the Yellowknife Airport as a key asset to grow and diversify the Northwest Territories economy.

### **Expenditure Initiatives for 2016-17**

- The 2016-17 Budget proposes to invest \$35 million in new initiatives to address the priorities of the 18<sup>th</sup> Legislative Assembly.

### ***Governance: Improving Accountability, Transparency and Collaboration***

Budget 2016-17 proposes \$5.4 million in funding for actions in support of improving governance, for better accountability, transparency and collaboration, including:

- \$1.6 million to implement the transboundary water agreements with the governments of Alberta and British Columbia, continue stewardship of Northwest Territories' water resources through the Mackenzie River Basin Transboundary Waters Master Agreement, renew the water agreement with the Yukon and continue work to reach bilateral water agreements with Saskatchewan and Nunavut.
- \$450,000 to further strengthen ties with Aboriginal and community governments with the additional funds directed to initiatives and general infrastructure in communities under both the *Tourism 2020* plan and *Economic Opportunities Strategy*, and Aboriginal capacity building under the *Mineral Development Strategy*.
- \$316,000 from the federal government under the Aboriginal Justice Strategy Fund to bring the total funding for community based alternative justice and crime prevention programs and projects to \$1.6 million in 2016-17.

### ***Cost of living***

Budget 2016-17 proposes \$11 million in new funding to directly address the cost of living including:

- \$7.5 million to offset costs associated with lower-than-average water levels in the Snare hydro system to avoid applying a rate rider to all ratepayers.
- \$3.5 million for the construction of 46 market rental units for leasing to RCMP members under a collaborative effort between the GNWT and the RCMP to eliminate the need to find alternative housing for officers and support the consistent delivery of policing services in the NWT.

### ***Education, Training and Youth Development***

To ensure that Northwest Territories' residents can take advantage of good education programs to participate in the economy, Budget 2016-17 proposes \$4.3 million in new initiatives for education, training and youth development including:

- \$2.2 million to the Student Financial Assistance program to:
  - increase remission rates from \$4,000 to \$6,000 for students who take up residence in Yellowknife and to \$8,000 for students residing in Fort Simpson, Fort Smith, Hay River, Inuvik and Norman Wells and to \$12,000 in all other communities;
  - increase the maximum tuition grant by \$475 to \$2,400 and for books by \$150 to \$550 per semester;
  - introduce a \$2,000 Northern Bonus payable against student loans for both students who were raised in the Northwest Territories and other Canadian students who reside in the Northwest Territories for at least a year after graduation;
  - eliminate the interest rate on repayable Student Financial Assistance loans for all students residing in the territory; and
  - replace the Student Financial Assistance lifetime limit with a revolving limit and eliminate the 20 semester limit.
- Direct funding under the labour agreement with the federal government to further help NWT residents with disabilities become suitably employed by enhancing support for employer needs.

## ***Community Wellness and Safety***

Budget 2016-17 proposes further support improving the health of Northwest Territories' communities through an additional \$4.3 million in community wellness and safety initiatives including:

- \$2.6 million to the Hay River Health and Social Services Authority to operate the new Hay River Health Centre and allow patients to remain in long-term care beds at the H.H. Williams Memorial Hospital until the Woodland Manor long term care facility expansion is complete.
- \$1.1 million in contributions to the Tẖcho Community Services Agency for the operation of the Jimmy Erasmus Seniors' Home, increasing available beds from 8 to 18.
- \$501,000 to help ensure a successful rollout of the new *Mental Health Act*.

## ***Economy, Environment and Climate Change***

Budget 2016-17 proposes an additional \$4.3 million to advance the Assembly's priorities to support the economy, protect the environment and address climate change including:

- \$181,000 increase in the support for the Western Arctic Centre for Geomatics, bringing its total budget to \$875,000.
- \$311,000 to expand the Hydrometric Networking Monitoring Program through the installation and operation of new water monitoring stations.
- \$1.2 million for the *Mineral Development Strategy* to further support geoscience research to build the territory's exploration potential, to increase the Mining Incentive Program to help companies find potential ore bodies, and to support local businesses within the territory to enhance the economic benefit of the mining sector.
- \$825,000 to support *Tourism 2020* with funds for marketing, research, community and industry engagement, and skills development and capacity building.
- \$486,000 under the *Economic Opportunities Strategy* for tourism product diversification, a convention bureau, and the Film Rebate Program.
- \$3.5 million in funding to the Arctic Energy Alliance with this year, including \$760,000 in additional one-time funding to support a number of new initiatives, including a territorial-wide LED lighting program.
- \$169,000 to the NWT Nominee Program to encourage immigration into the territory.