

Budget 2018-19 Highlights

- The Government of the Northwest Territories' (GNWT) Budget 2018-19 presents an eighth consecutive balanced budget.
- Budget 2018-19 projects revenues of \$1.749 billion and departmental expenditures of \$1.713 billion, producing an operating surplus after adjustments of \$23 million - the lowest in seven years. After accounting for the capital investment, the overall cash surplus for 2018-19 is expected to be \$2 million.
- Careful management has kept expenditure growth to levels permitted under the fiscal plan and the narrowing operating surplus results from a projected 2.9 per cent decrease in revenues from 2017-18 revised estimates to the 2018-19 Budget.
- Budget 2018-19 proposes a net \$57 million in increased spending: \$21 million in new investments in the priorities of the 18th Legislative Assembly; \$20 million to enhance or maintain existing programs; \$38 million in adjustments to better reflect departmental expenditure needs; and \$5 million in other adjustments; partially offset with \$28 million in savings.
- Short-term borrowing is projected to level out by the end of 2018-19 at \$301 million, bringing total short-term and long-term debt to over \$1 billion for the first time. The GNWT will remain below its federally-imposed \$1.3 billion borrowing limit.
- The Northwest Territories economy is forecast to decrease 0.1 per cent in 2018 after an estimated solid 8.2 per cent gain in 2017 caused primarily by increased diamond production.

Fiscal Strategy

- Budget 2018-19 continues the fiscal strategy adopted early in the 18th Legislative Assembly to align expenditure growth with revenue growth, to create capacity to invest in the Assembly's priorities, and to return to cash surpluses to reduce the accumulated short-term debt.
- Budget 2018-19 includes \$84 million less revenue than at the start of the Assembly, underscoring the need to follow the fiscal strategy.
- Although modest revenue increases are expected in the medium term, Budget 2018-19 continues the commitment to manage the Assembly's financial resources very carefully so that the ability to deliver quality programs and services and to take steps to address the priorities of the Assembly are not compromised.

Revenue Initiatives

- Budget 2018-19 adjusts the property and education mill rates for inflation, in line with the GNWT's indexation policy on taxes and fees.
- The GNWT will continue to investigate options to increase revenue, including developing a detailed proposal for a land transfer tax that will raise an additional \$3.1 million annually.
- Work continues on the sugary drinks tax proposed in the 2017-18 Budget.
- Budget 2018-19 announces the GNWT intention to sign a two-year agreement with Canada for the GNWT to receive 75 per cent of the federal cannabis excise tax revenue generated in the Northwest Territories. GNWT estimates for cannabis revenue are modest and are expected to be accompanied by increased expenditure pressures.
- The GNWT is a signatory to the *Pan-Canadian Framework on Clean Growth and Climate Change* that includes carbon pricing as one of its pillars. The GNWT will announce its plan for carbon pricing later this year, including appropriate offsets to mitigate the effects of carbon pricing on an already high cost of living and doing business.

Expenditure Initiatives for 2018-19

Economy, Environment and Climate Change

Budget 2018-19 proposes \$8.7 million in new funding to build on past investments to support the economy, encourage economic diversification, provide training opportunities for NWT residents and continue to ensure the environment is protected, including:

- \$1.7 million for operations expenditure for the Inuvik-Tuktoyaktuk Highway;
- \$1.4 million to establish a Skills 4 Success Territorial Support Team;
- \$1.3 million to implement the new *Agriculture Strategy, The Business of Food: A Food Production Plan*;
- \$1.2 million to support Indigenous and community governments actions under the *NWT Climate Change Strategic Framework*, to establish candidate protected areas, and to develop monitoring and management options with respect to the Bathurst caribou herd;
- \$1.2 million for developing mineral resources, including the *Mineral Development Strategy*, updating the *Mineral Resources Act*, and increased support for the Mining Incentive Program; and,
- \$1.1 million to fund training positions within the GNWT, two labour relations positions, and a two-year term Fishing Sector Support Officer in Hay River to support the fishery revitalization strategy.

Education, Training and Youth Development

Budget 2018-19 proposes \$9.7 million for new funding targeted toward providing more opportunities for young people to acquire knowledge and develop skills, including:

- \$4.3 million for French and Indigenous languages under a Canada-Northwest Territories agreement;
- \$2.1 million to fund Junior Kindergarten in all Northwest Territories communities;
- \$1.6 million to expand the Northern Distance Learning program to all 20 small schools in the Northwest Territories; and,
- \$1.5 million to increase mental health and wellness resources for children, youth and their families through Child and Youth Care Counsellors placed in schools and communities.

Community Wellness and Safety

Budget 2018-19 proposes \$41.2 million in new funding, with initiatives focused on helping with strengthen mental health and addiction programs and improve community safety and provide more resources for health facilities and residential southern placements, including:

- \$20.7 million adjustment for out-of-territory hospital and physician services, residential southern placements, extended health benefits, and Métis health benefits;
- \$6.9 million in on-going operations support for long-term care facilities, home care, and community care;
- \$6.7 million for the start of annual service payments for the Stanton Territorial Hospital;
- \$2.9 million for enhancements for access to justice services, support for Community Justice Committees, increased support for the RCMP, and to transfer responsibility of prisoner security functions from the RCMP to the GNWT;
- \$848,000 to improve the diagnosis and case management services for people with Autism Spectrum Disorder and Fetal Alcohol Spectrum Disorder;
- \$762,000 to fund a Sobering Centre Program facility in Yellowknife;
- \$653,000 to increase services for children with developmental delays and disorders requiring speech language therapy, occupational therapy, and audiology services; and,
- \$304,000 to establish a two-person RCMP Historical Case Unit to focus on unsolved murdered and missing persons cases.

Cost of living

Budget 2018-19 proposes an additional \$7.3 million to reduce the cost of living, including:

- \$2.9 million per year on-going to the Northwest Territories Housing Corporation to construct 46 market rental units for the RCMP in Inuvik, Norman Wells, Hay River, Fort Smith and Fort Simpson;
- \$2.421 million to increase Income Assistance support for the increased number of clients, rent and utility costs, and for anti-poverty funding;
- \$665,000 to provide an increase to the Senior Citizens and Disabled Persons Property Tax Relief program, as well as the Territorial Power Subsidy Program in communities outside of Yellowknife;
- \$412,000 to develop a Country Food Strategy and to support on-the-land activities related to hunting, trapping, fishing and gathering; and,
- \$300,000 for the Northwest Territories Housing Corporation's three-year incentive program for private homeowners to replace above-ground fuel tanks.

Governance: Improving Accountability, Transparency and Collaboration

Budget 2018-19 proposes \$8.3 million in new funding and enhancements to support more effective government, including:

- \$800,000 for additional community governments operations and maintenance funding;
- \$595,000 to advance, finalize and implement self-government agreements with Indigenous governments;
- \$558,000 for tenure enforcement regarding unauthorized occupancy on public lands;
- \$500,000 to community governments for water and sewer funding;
- \$493,000 annually for six years to convert maturing equity leases to fee-simple title;
- \$485,000 to support key partnerships and initiatives including the Northwest Territories-Nunavut Council of Friendship Centres, Women in Politics, and an annual contribution to the Arctic Inspiration Prize;
- \$397,000 for the Office of the Chief Electoral Officer for election preparations and the Human Rights Commission, including a two-year legal counsel position; and,
- \$250,000 for a new land-use planner to increase GNWT and community capacity for land-use planning.