



## Backgrounder

### BUDGET 2021 HIGHLIGHTS

#### Fiscal Highlights

- Budget 2021 forecasts a \$69 million operating surplus, with revenue at \$2.192 billion and total expenditures at \$2.124 billion, which includes \$2.013 billion in departmental spending and \$64 million in infrastructure contributions.
- Revenue is expected to remain steady, projected to increase 0.8% in 2021-22 compared to the 2020-21 Revised Estimates as decreases in own-source revenue are offset by federal transfers.
- Budget 2021 proposes \$117 million of increased spending over Budget 2020, including:
  - \$104 million for program enhancements, which includes \$35 million for the COVID-19 Coordinating Secretariat and \$14 million of federal transfers;
  - \$26 million in new spending; and
  - \$2 million in amortization; less
  - \$15 million in expenditure savings.
- The medium-term outlook forecasts operating surpluses over the next four years but an operating deficit by the end of the outlook.
- The 2021-22 Capital Estimates are budgeted for \$441 million. Most of the infrastructure investment is dedicated to the NWT's transportation network and many projects are partnered with the federal government.

#### Economic Highlights

- The NWT economy is expected to decrease 6.6 per cent in 2020, mainly due to the effects of the coronavirus pandemic on consumer spending, trade, diamond production, private investment, and tourism.
- In 2021, economic growth is forecast to increase 5.8 per cent as diamond production resumes at Ekati mine and exports and total investment increases.

#### Fiscal Strategy

- The fiscal strategy proposes \$25 million over the lifetime of the 19<sup>th</sup> Assembly for mandate priorities.



- The GNWT will seek flexible support for shared priorities with the federal government and collaborate with Indigenous and other governments to advance projects.
- The GNWT will use longer-term four year business plans and use program evaluations for strategic reviews of existing programs and services to improve fiscal planning and determine if the government is getting value for money.

### **Revenue Initiatives**

- The small business tax rate is proposed to be reduced from a rate of four per cent to two per cent effective January 1, 2021.
- Budget 2021 does not contain any new taxes, although property mill rates and some fees will be indexed to inflation effective April 1, 2021.
- In keeping with the *Pan-Canadian Framework on Clean Growth and Climate Change*, the carbon tax rate will increase to \$40 per carbon-equivalent tonne of greenhouse gas emissions on July 1, 2021. Carbon tax revenue will be returned to NWT businesses and residents through rebates and the Cost of Living Offset and also used for investments to reduce greenhouse gas emissions.

### **Expenditure Highlights**

#### **Social Programs and Community Wellness (\$63.8 million)**

- \$18.973 million for health expenditure enhancements, including federally supported agreements for First Nations home and community care and northern wellness, collective agreement elements, and utilities costs for Stanton Territorial Hospital
- \$10.737 million for increased costs of existing health services, including out-of-territory hospitals and physicians, medical travel, supplementary health benefits, insured services for non-Northwest Territories residents, and supplies
- \$6.975 million to increase capacity in Child and Family Services
- \$5 million to participate in the National Housing Co-Investment Fund
- \$4.511 million for the NWT School and Community Child and Youth Care Counsellors program, including 27 positions and a travelling mental health team to provide services to the smallest communities
- \$4.108 million for the Income Assistance program



- \$3.334 million to reduce the municipal funding gap by increasing the annual community government funding base
- \$1.170 million for Northern Distance Learning
- \$1.120 million for workforce planning and long-term care training programs
- \$1.100 million for the Health Family program
- \$711,000 for minority language education and second official language instruction under the Canada-NWT Cooperation Agreement
- \$615,000 for dialysis unit expansion in Hay River
- \$600,000 for Indigenous language revitalization
- \$508,000 for regional and small community career and education advisors
- \$500,000 for increased daycare spaces
- \$422,000 to fund three new Royal Canadian Mounted Police (RCMP) constable positions in the Yellowknife Detachment
- \$406,000 for increased costs of long-term care services provided by AVENS – A Community for Seniors
- \$365,000 to extend temporary funding to maintain 12 multi-person family housing rental units for Aurora College in Inuvik
- \$306,000 for modernization research for the *Education Act*
- \$303,000 for a pilot Community Safety Officer program
- \$300,000 to extend the Fuel Tank Replacement Program to provide loans to low-income homeowners to replace aging fuel tanks
- \$290,000 for home care and community care under the Canada-Northwest Territories Home and Community Care and Mental Health and Addictions Services Funding Agreement
- \$280,000 for the Peer Support program for people with mental health and addiction issues
- \$257,000 to fund recommendations in the *2020 Judicial Remuneration Commission Report*



- \$233,000 to fund two new Sheriff Officer positions for court services
- \$158,000 to implement the *Gun and Gang Strategy* with the Government of Canada to support community-level prevention and enforcement efforts against organized crime
- \$138,000 for fall prevention from the Canadian Hospitals Injury Reporting and Prevention Program Agreement
- \$123,000 for the North Slave Correctional Complex to address increased inmate service costs
- \$109,000 to assist emergency shelters with increased costs due to inflation
- \$99,000 for the Office of the Children's Lawyer

### **Job Growth and Economic Development (\$12.6 million)**

- \$5.1 million for increases in NWT carbon tax rebates for heating fuel, electricity, and large emitters
- \$2.3 million to increase the Cost of Living Offset annual benefit to \$208 per adult and \$240 for children under 18 years
- \$1 million for increases in NWT carbon tax large emitter individual accounts due to NWT carbon tax rate increases
- \$936,000 to support the first year of a renewed tourism strategy with *Tourism 2025*
- \$400,000 in additional funding for the Mining Incentive Program
- \$400,000 to review and amend the Meat Inspection Framework
- \$360,000 to develop regulations for the *Mineral Resources Act*
- \$350,000 to advance strategies for developing the knowledge economy and to establish regional economic development plans
- \$309,000 to address untenured and unauthorized occupancy on public lands, which includes establishing the policy framework for the GNWT to offer tenure
- \$265,000 to support competency-based professional standards for Junior Kindergarten to Grade 12 educators and improve their opportunities to use online technology for professional collaboration
- \$253,000 for the permanent establishment of a Wek'eezhii Land Use Planning Committee and Planning Office



- \$250,000 to re-profile the Fishing Sector Support Officer position and provide a contribution to assist the Tu Cho Fishers Cooperative as part of the *Strategy for Revitalizing the Great Slave Lake Commercial Fishery*
- \$225,000 to continue implementation of the *Northwest Territories Petroleum Resources Strategy*
- \$177,000 for a Quality Assurance Coordinator position to ensure accreditation standards are met at the post-secondary level
- \$110,000 for the Sustainable Livelihoods Program
- \$76,000 to fund a seasonal Tourism Development Officer position in Inuvik
- \$58,000 to establish a new seasonal Parks Officer position in Fort Providence
- \$49,000 for reallocation of approved funds for *Low Carbon Economy Leadership Fund Agreement*

#### **Climate Change and Environment (\$2.7 million)**

- \$2.601 million to continue to implement the *2030 NWT Climate Change Strategic Framework 2019-2023 Action Plan*
- \$127,000 for air tanker contract increases for forest fire suppression services

#### **Governance (\$10.5 million)**

- \$1.800 million for the Tłı̨ch̨o All-Season Road annual service payments
- \$1.798 million to adjust the Department of Infrastructure's budget for increased electricity costs for facilities owned by the GNWT
- \$1.986 million to address increased costs in the Office of the Clerk, Statutory Offices, Office of the Chief Electoral Officer and for the Speaker and Deputy Speaker of the House and Members allowance and pension expenses.
- \$1.406 million for payments required under the Grant-in-lieu Property Tax Program caused by changes in the assessed value of government assets
- \$1.195 million for increased costs to maintain Highway 8 (Dempster Highway)
- \$774,000 to record the increase in the valuation allowance (uncollectible student loans) for the Student Loan Revolving Fund



- \$631,000 for the creation of the Gender Equity Unit that will support the implementation of gender-based analysis plus (GBA+) government-wide
- \$222,000 for two Student Records Coordinators to support increased requests for school records relating to the Federal Indian Day School Class Action settlement
- \$199,000 for the incremental grant funding provided under the *Déline Got'ine Government Financing Agreement*
- \$151,000 to establish one Occupational Health and Safety Officer in Inuvik to maintain the regulatory requirements of the *Safety Act*
- \$116,000 for part-time French Language Communications and Services Coordinators in Industry, Tourism and Investment and Environment and Natural Resources
- \$100,000 for increased interest costs on the Deh Cho Bridge debt
- \$83,000 for increased water and sewer costs associated with the Lafferty and N'Dulee ferries