



Government of Northwest Territories  
Gouvernement des Territoires du Nord-Ouest

# Budget Dialogues 2020

WHAT WE HEARD REPORT

October 2020

*Le present document contient  
un sommaire en français*

If you would like this information in another official language, call us.

**English**

Si vous voulez ces informations en français, contactez-nous.

**French**

Kīspin ki nitawihitīn ē nīhīyawihk ōma ācimōwin, tipwāsīnān.

**Cree**

Tłjchq yatı k'èè. Dı wegodi newq dè, gots'o gonede.

**Tłjchq**

ʔerihł'is Dēne Sųłiné yatı t'a huts'elkēr xa beyáyatı theʔą ʔat'e, nuwe ts'ēn yó łı.

**Chipewyan**

Edı gondı dehgáh got'je zhatié k'ée edat'éh enahddhę nıde naxets'é edahí.

**South Slavey**

K'áhshó got'jne xədə k'é hederı ʔedłhtl'é yerıniwę nıde dú le.

**North Slavey**

Jii gwandak izhii ginjik vat'atr'ijahch'uu zhit yinothan jı', diits'at ginokhii.

**Gwich'in**

Uvanittuaq ilitchurisukupku Inuvialuktun, ququaqluta.

**Inuvialuktun**

Ć'đ< 00<sup>sb</sup>Δ<sup>c</sup> Λ<LJΔ<sup>r</sup> Δ<sup>sb</sup>0<<sup>sb</sup>γL>0<sup>b</sup>, >ε<sup>c</sup>0<sup>c</sup> Δ<sup>sb</sup>ε<<sup>a</sup>ε<sup>sb</sup>0<sup>c</sup>.

**Inuktitut**

Hapkua titiqqat pijumagupkit Inuinnaqtun, uvaptinnut hivajarlutit.

**Inuinnaqtun**

**(867) 767-9256 ext. 82083**

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## Minister's Message

Budgeting, finding a balance between competing expenditure priorities and limited revenue-raising ability is never easy. It is made more difficult within the context of a global pandemic and the pressures for services continue to increase. As a government, we are looking to protect our existing programs and services and deliver on our mandate while committing to a sustainable fiscal plan.

We can't fund everything; and, it means being aware that the choices we make now have consequences for the future. The seriousness of these choices is why the government started these budget dialogues in the summer as we strive to have Northwest Territories residents' views and perspectives included in the budgeting process this fall. I sincerely thank everyone who participated.

This report on Budget Dialogue 2020 summarizes what we heard participants tell us about how they want the GNWT to allocate scarce funds and marshal resources from existing programs and services to new priorities. It reflects the diversity of views and the common challenges we heard across the territory.

This input will be used to inform the four-year budget planning processes.

Next year, I look forward to even greater engagement by Northerners. The Budget is the mechanism through which this Assembly's vision of strong individuals, families and communities sharing the benefits and responsibilities of a unified, environmentally sustainable and prosperous Northwest Territories will be achieved, and the participation of Northwest Territories residents in the budget process is vital to its success.

Hon. Caroline Wawzonek  
Minister of Finance

## Executive summary

Budget Dialogues 2020 is the first step in the Budget 2020-21 commitment to engage residents and businesses in the Government's budgeting process to get their views on fiscal choices and where they see opportunities for reducing costs.

As many as 249 individuals logged onto the four public webinars and sent 189 inquiries and comments to the Minister of Finance. Four separate stakeholder sessions with business, non-government organizations, Indigenous governments, and mayors and chiefs were also held with the Finance Minister to discuss the GNWT fiscal situation. Northwest Territories residents were also invited to answer an online survey or provide submissions; a total of 426 responses were received.

The main themes from the Budget Dialogues included:

- Finding efficiencies in programs and services, mainly by eliminating redundant positions, reducing duplication of services, and adopting online technology where appropriate.
- Spending on some programs now to reduce spending in other programs later. The most common examples were more social spending (mental health, education, housing, adult support, family violence, and child and family services) to reduce future costs in health and law enforcement and more infrastructure maintenance to maintain GNWT assets for longer.
- Evaluating programs to ensure that the GNWT is effective and getting value for its spending on programs and infrastructure.
- Demonstrating greater accountability to stop spending above budgeted amounts.

## Sommaire

Les dialogues du budget 2020 sont la première étape de l'engagement pris dans le cadre du budget 2020-2021 de faire participer les résidents et les entreprises au processus budgétaire du gouvernement afin de connaître leur opinion sur les décisions fiscales et les possibilités de réduire les dépenses.

En tout, 249 personnes ont assisté aux quatre webinaires publics et ont envoyé 189 demandes de renseignements et commentaires à la ministre des Finances. Quatre séances distinctes auprès des parties prenantes (entreprises, organismes non gouvernementaux, gouvernements autochtones, maires et chefs) ont été tenues avec la ministre des Finances pour discuter de la situation fiscale des TNO. Les Tenois ont également été invités à répondre à un sondage en ligne ou à présenter des soumissions. Nous avons reçu un total de 426 réponses.

Voici certains des principaux thèmes des dialogues du budget :

- Accroître l'efficacité des programmes et des services, principalement en éliminant les postes redondants, en diminuant le dédoublement des services et en adoptant les technologies numériques lorsque cela est possible.
- Dépenser pour certains programmes maintenant, afin de diminuer les dépenses dans d'autres programmes plus tard. Parmi les exemples les plus souvent cités, on compte l'augmentation des dépenses dans les programmes sociaux (santé mentale, éducation, logement, services de soutien aux adultes, programmes relatifs à la violence familiale et services à l'enfance et à la famille) pour diminuer les dépenses futures dans les domaines de la santé et de la justice, et augmentation des dépenses en infrastructures pour assurer la longévité des actifs du GTNO.
- Évaluer les programmes pour s'assurer que le GTNO soit efficace et obtienne un bon rendement pour ses investissements dans les programmes et les infrastructures.
- Accroître la responsabilisation afin de mettre un frein aux dépassements des coûts budgétés.

# Budget Dialogue 2020

## A. Context

The purpose of the Budget Dialogue 2020 is to engage residents and businesses in the Government of the Northwest Territories' (GNWT) budgeting process to get their views on fiscal choices and where they see opportunities for reducing costs.

The first budget of the 19<sup>th</sup> Legislative Assembly, Budget 2020-21, established the GNWT's fiscal strategy to protect programs and services while ensuring sustainable debt levels. The overall strategy for the 19<sup>th</sup> Assembly is simple: expenditure growth must be kept below the growth in revenues so that sufficient operating surpluses are generated to pay for at least half of the annual capital investment.

There are four main objectives under the fiscal strategy:

- an initial allocation of \$25 million over the life of the 19<sup>th</sup> Assembly to advance mandate priorities;
- continue to build on the relationship with the federal government to take advantage of funding opportunities to advance GNWT priorities, such as housing investments and get more flexibility when cost-sharing projects;
- seek opportunities for collaboration with other governments to advance shared priorities so that instead of competing for resources with other organizations within the Northwest Territories, governments work together to advance projects that benefit all residents; and
- implement creative low or no cost initiatives to improve fiscal planning, including four-year business plans, to bring the longer-term horizon into view and will rely on increased program evaluation to bring more value from expenditures. This objective will include strategic reviews to ensure programs and services are meeting expectations and that budgeted expenditures for these programs are properly aligned with the mandate and all additional revenue options are considered.

## Operating Position

Following two years of deficits, the GNWT anticipates returning to surplus in 2020-21, despite the effects of the global pandemic. An operating surplus of \$121 million is expected in 2020-21, a decline of \$82 million compared to Budget 2020 estimates due to COVID-19 pandemic effects on revenues and expenditures.

While operating surpluses are forecast for the remainder of the 19<sup>th</sup> Legislative Assembly (\$99 million in 2021-22, \$114 million in 2022-23, and \$10 million in 2023-24), these small

surpluses are not sufficient to generate the cash required to fund the annual capital budget and reduce GNWT short term debt.

The capital budgets for the remainder of the 19th Legislative Assembly will depend on decisions made in the operating budget. This may mean reallocating money from elsewhere to fund new programs, making current programs more efficient, and/or reviewing current programs to evaluate whether they are effective and finding new revenue sources.

The purpose of the Budget Dialogues 2020 is to engage residents and businesses in the Government's budgeting process to get their views on fiscal choices and where they see opportunities for reducing costs.

## B. Process/Format

The objectives of the Budget Dialogues 2020 are to:

- provide Northwest Territories public and stakeholders with meaningful opportunities to give input on the remaining budgets of the 19th Legislative Assembly in advance of finalizing the four-year business plans;
- improve public understanding of the GNWT budget process; and
- improve the GNWT's fiscal performance and accountability.

The following information was publicly on the Department of Finance website to help inform discussions on the GNWT budget:

- a [video](#) explaining how the GNWT budget process works;
- a backgrounder on the GNWT's [Fiscal Situation and Outlook](#);
- a backgrounder describing the [current economic situation and outlook](#); and
- a backgrounder describing the [revenue options](#) the GNWT can explore to support its budget.

Due to the public health restrictions in response to the COVID-19 pandemic, the Minister of Finance hosted four online sessions that were open to all NWT residents on:

- July 23 at 7:00 PM
- July 24 at 12:00 PM
- July 28 at 7:00 PM
- July 30 at 12:00 PM

Lasting approximately an hour each, each session began with a three-part presentation by the Minister on the fiscal situation, revenue options, and the economy. The Minister

addressed participants' questions and comments at the end of each section and for about 30 minutes following the end of the presentation.

There were also four one-hour online sessions with invited stakeholders from the business community, non-government organizations, Indigenous government officials and mayors and chiefs held after the general sessions using the same format.

All Northwest Territories residents were invited to participate in an online survey between July 17 and August 4, 2020. Participants also had the option to print the survey and send it to the Department of Finance through mail, email or fax, or to send in their own written submissions.

The Department of Finance also made arrangements with Government Service Officers in remote communities to provide individuals with limited internet access the ability to participate.

Links to the following are available in the Department of Finance website:

- [Videos](#) of the public webinars.

# Budget Dialogue 2020 Results

## A. Webinars

A total of 249 individuals logged onto the four public webinars<sup>1</sup>. Participants in the four webinar sessions sent 189 inquiries or comments on an assortment of topics. While there was much variety, the most common themes were:

1. Taxes;
2. Reduce, Refocus, Savings, Efficiency, Procurement, Duplication;
3. Capital Plan, Investment;
4. Economy, Labour;
5. Growing revenues other than taxes;
6. Staffing including Reductions;
7. Education, University;
8. COVID-19;
9. Population; and
10. Technology Ideas, Utilities.

A description of the major ideas for each of the above categories is provided below.

### Taxes (26 comments or inquiries)

Feedback from participants on taxes was mixed. Some participants were in favour of raising existing taxes or introducing new taxes to generate revenue. A popular theme was raising taxes on non-residents, and—to a lesser extent—the mines. Some also mentioned the possibility of a modest sales tax. Participants also asked whether or not it would be possible to introduce a new tax on online purchases.

Others were opposed to increasing the tax burden on Northwest Territories residents and businesses. Some expressed concern about the effect this would have on the competitiveness of businesses. Others were concerned that increasing taxes on alcohol or tobacco would lead to increased bootlegging.

Some participants proposed that it would be useful since a large majority of the budget comprises federal transfer payments, for the GNWT to pursue a high-growth agenda by reducing income taxes substantially, as that would have relatively limited effects on total revenues while acting as a spur to population and economic growth.

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<sup>1</sup> Many users opted to participate in the online sessions anonymously. Therefore, it is possible that some logons represent a single user joining the session more than once.

## Reduce, Refocus, Savings, Efficiency, Procurement, Duplication (22 comments or inquiries)

Many participants were in favour of reducing the GNWT's expenditures and/or reallocating expenditures to priority areas. Health care expenditures were frequently mentioned as an area that regularly sees excessive spending.

A number of participants mentioned problems with government procurement and the inefficiencies associated with it, with particular mention of the Business Incentive Policy.

The efficiency and effectiveness of government spending was also questioned. Participants noted a need to streamline and get back to basics. Innovation and program evaluation were proposed to make spending more effective, as was reducing management.

## Capital plan, Investment (20 comments or inquiries)

Concerns were raised about the timelines of government capital budgeting, the specific projects that are undertaken, and the manner in which they are funded. The issue of inadequate disclosure of information was also raised.

Participants expressed concern that too much capital is allocated to certain communities. Others noted that federal priorities are having too much influence over the projects being pursued in the Northwest Territories as the price for receiving federal contributions.

## Economy, Labour (16 comments or inquiries)

The webinar presentation noted the impacts that the public administration and mining sectors had on the economy, which led to a number of questions about the large size of the government workforce. Participants also raised concerns that too much tourism funding is allocated to certain communities and that money is not being well spent.

Others suggested more focus should be put on attracting more people to both live and work in the Northwest Territories because it would improve the economy and the ability of businesses to hire local labour. The quality of the current immigration procedures was questioned.

## Revenues, User Fees (11 comments or inquiries)

Some respondents felt that there is scope for increasing revenues through means other than taxes. The most popular option is to secure more federal funding, although user fees were also mentioned by a minority of people. Some felt that it would be advantageous to increase the GNWT's revenues by way of an increased population, in order to drive the growth of population-based transfer payments from the federal government.

### Staffing including Reductions (11 comments or inquiries)

Some participants proposed that government employees be allowed to have more flexibility in their work arrangements; others thought the opposite. Many proposed that there are too many government employees and that they make too much money, and that both their numbers and pay could be reduced. Some participants also expressed their belief that there are too many managers within the government.

### Education (7), University (4) (11 comments or inquiries)

There was an emphasis on the importance of the Kindergarten to Grade 12 (K-12) education system and the need that it should be well funded but there was also mention of concerns about the low effectiveness and quality of the current system. Some proposed that current K-12 funding arrangements be changed, or that the nature of education delivery be altered, such as through year-round schooling or remote learning.

The value of Aurora College was questioned during the online sessions. Some participants expressed support for a northern university or polytechnic, while wondering how it would be financed and if it could be an income generator, or possibly an engine for economic growth. Some felt that targeting a niche market within the university, such as mining, could be successful.

### COVID-19 (8 comments or inquiries)

Participants wanted to know whether the GNWT was receiving sufficient funding from the federal government to address the COVID-19 pandemic and the impact of the resulting public health restrictions.

Participants expressed concerns about the GNWT's ability to financially support residents in the event of an outbreak in the territory. Some wondered about the potential effects of the pandemic on the economy; the availability of child care; whether GNWT employees' salaries would be cut; and the high costs of the current hotel-based isolation centres, particularly for those who must cross the border frequently for essential reasons, such as medical treatment.

### Population (8 comments or inquiries)

Generally, it was thought that population growth initiatives and targeting immigration through the nominee program would be beneficial to the Northwest Territories. However, some felt that placing too much emphasis on population growth and immigration would lead to insufficient attention being paid to the needs of existing residents.

## Technology Ideas (5), Utilities (3) (8 comments or inquiries)

Concerns were expressed about the availability and cost of telecommunications in the Northwest Territories. Some proposed that internet be made a public utility or that Northwestel's monopoly position be terminated. Concerns were also expressed about the high cost of other utilities services in the Northwest Territories.

## B. Survey Results

The Department of Finance received 426 responses to the online survey. The responses to each question are summarized below.

### GNWT Fiscal Performance

*Question 1: How do you feel about the following statements?*

	%		
	AGREE	DISAGREE	DON'T KNOW
The GNWT manages its budget effectively	15.5	59.2	25.3
The GNWT budget focuses on the right things	13.0	60.6	26.4
The GNWT provides enough information about the budget	30.9	53.1	16.0
The GNWT budget is easy for me to understand	39.3	40.5	20.1

Most respondents disagreed with the statements in Question 1, particularly that the GNWT managed its budget effectively (59% disagree) and the GNWT focused its budget on the right things (61% disagree). More respondents indicated that they didn't know about those statements (25% and 26%) than those that agreed (15.5% and 13%).

Regarding the budget's information and ease of understanding, 53% of respondents disagreed that there was enough information and 41% disagreed that it was easy to understand; however 31% agreed that there was enough information and 39% agreed that it is easy to understand.

### Spending Priorities

*Question 2: How do you think the GNWT should allocate its budget?*

	%
Spend more on programs and services at the expense of infrastructure	36.1
Spend more on infrastructure at the expense of programs and services	25.8
Keep the current spending balance between programs and services and infrastructure	33.1
Don't Know	5.1

Roughly an equal number of respondents agreed with the different options for allocating the budget with 36% in favour of spending more on programs and services at the expense of infrastructure, 33% considering that the current allocation is appropriate and 26% indicating that the GNWT should allocate more on infrastructure and less on program spending.

**Question 3: How would you change GNWT spending in the following areas?**

	%			St. Dev. †	Rank*		
	More	Same	Less		More	Same	Less
Administration & Internal Services (\$3,415)	4.7	30.2	65.1	30.3	3	2	1
Adult Education (\$1,582)	22.5	47.2	30.4	12.6	3	1	2
Community Supports & Services (\$3,072)	36.9	41.8	21.4	10.6	2	1	3
Early Childhood & Schools (\$4,701)	44.7	40.8	14.5	16.4	1	2	3
Economic Development & Industry (\$1,331)	37.1	43.7	19.3	12.6	2	1	3
Environment & Energy (\$2,465)	30.1	48.4	21.5	13.7	2	1	3
Health Services & Health Programs (\$10,786)	36.9	49.0	14.1	17.7	2	1	3
Heritage Fund Allocation (\$170)	6.9	49.1	43.9	23.0	3	1	2
Income Security & Cost of Living (\$3,742)	34.4	42.1	23.5	9.3	2	1	3
Infrastructure Services (\$5,876)	27.8	41.5	30.7	7.2	3	1	2
Land Management (\$521)	12.7	49.1	38.2	18.7	3	1	2
Language & Culture (\$415)	21.8	38.4	39.9	10.0	3	2	1
Law Enforcement (\$2,373)	18.7	42.1	39.2	12.7	3	1	2
Social Service Programs (\$761)	45.3	36.6	18.1	13.9	1	2	3
<b>Sum Total of Areas (\$42,294)</b>	<b>27.2</b>	<b>42.8</b>	<b>30.0</b>	<b>8.4</b>	<b>3</b>	<b>1</b>	<b>2</b>

\*Rank: 1=highest

†Standard Deviation: a measure of how wide or narrow the responses are to each other. A large deviation means that responses were tilted in favour of one response. A small deviation means that opinion was split among options.

In aggregate, all 14 areas had 43% of respondents indicating they would “spend the same amount” with the top ten areas averaging 45%. The amount of people who responded that the GNWT should spend differently was significant, but balanced in opposing directions, with 27% of respondents supporting more spending and 30% supporting less spending. This suggests a wide diversity of opinion on GNWT budgeting.

While the aggregate results were somewhat balanced regarding differing opinions, the responses by area revealed trends among respondents.

### Where to spend less

Spending less was ranked first in the following two areas:

- **Administration & Internal Services** at 65%, with 30% of the remainder indicating spend the same and almost 5% of respondents indicating to spend more; and
- **Language & Culture**, which was almost evenly divided, at 40% responses to spend less, 38% to spend the same, and 22% to spend more.

These two areas are 9% of the GNWT budget.

Spending less was ranked second in the following areas: **Adult Education, Heritage Fund Allocation, Infrastructure Services, Land Management, and Law Enforcement**. These five areas represent a quarter of the budget.

### Where to spend more

“Spend more” was ranked first in two areas:

- **Social Service Programs** at 45% of the respondents wanting to spend more on these programs and only 18% wanting to spend less.
- **Early Childhood & Schools** at almost 45% of respondents wanting to spend more and 41% wanting to spend the same amount and only 15% preferring to spend less.

These two areas represent 13% of the total GNWT budget.

Spending more was ranked second in the areas: **Community Supports & Services, Economic Development & Industry, Environment & Energy, Health Services & Health Programs, and Income Security & Cost of Living**. These five categories comprise just over half (51%) of the GNWT budget.

### Where to spend the same amount

Spending the same amount was ranked first in 10 of 14 areas. While this indicated a large amount of respondents would spend the same amount, these were not majorities, ranging from 42% to 49%.

Approximately 49% of respondents identified that they would spend the same amount for **Health Services & Health Programs, Land Management, and Heritage Fund Allocation**. However, 37% of respondents felt that more should be spent on **Health Services and Programs**. 38% of respondents called for less spending in Land Management and 44% called for less spending in the Heritage Fund Allocation.

Spending the same amount ranged from 42% to 48% in **Environment & Energy, Law Enforcement, Economic Development & Industry**, and **Adult Education**. However there were still a significant amount of respondents who wanted to spend differently, with respondents leaning towards spending more on **Environment & Energy** and **Economic Development & Industry** and spending less for **Law Enforcement** and **Adult Education**.

The widest diversity of views was in **Infrastructure Services, Income Security & Cost of Living**, and **Community Supports & Services** with about 42% responding to spend the same amount. However, 37% of respondents expressed a preference for higher spending on Community Supports & Services and 34% for more spending on Income Security & Cost of Living. For Infrastructure Services, 31% indicated a preference for spending less.

Added together, these ten areas are three-quarters (76%) of the GNWT budget.

*Question 4: Please rank your three most important program and service areas, in order of importance.*

The following table displays the per cent share of government programs and services that were chosen as the top three for importance with the corresponding rank. The cumulative responses total the sum of an area's first, second and third ranks or the number of responses across all ranks for each area.

Respondents ranked **Health Services & Health Programs** as the most important area among GNWT programs and services (46% first place rank, 21% cumulative among top three). Health Services & Health Programs is already the largest budget item.

The second-highest top ranked area was **Economic Development & Industry**, though cumulatively **Early Childhood & Schools** was second.

The third highest area among first place responses was **Social Service Programs**, while cumulatively **Infrastructure Services** ranked third.

**Question 4: Please rank your three most important program and service areas, in order of importance.**

	%			Rank*			Cumulative responses	Share (%)	Rank*
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>			
Administration & Internal Services (\$3,415)	23.1	30.8	46.2	10	9	5	13	1.1	13
Adult Education (\$1,582)	25.8	32.3	41.9	8	7	8	31	2.5	10
Community Supports & Services (\$3,072)	28.9	25.3	45.8	6	12	7	83	6.8	7
Early Childhood & Schools (\$4,701)	32.5	37.7	29.8	4	3	12	191	15.5	2
Economic Development & Industry (\$1,331)	43.8	31.3	25.0	2	8	13	112	9.1	5
Environment & Energy (\$2,465)	23.6	30.6	45.8	9	10	6	72	5.9	8
Health Services & Health Programs (\$10,786)	46.0	33.8	20.2	1	5	14	263	21.4	1
Heritage Fund Allocation (\$170)	16.7	16.7	66.7	11	13	2	6	0.5	14
Income Security & Cost of Living (\$3,742)	27.6	39.7	32.8	7	2	9	116	9.4	4
Infrastructure Services (\$5,876)	31.9	35.4	32.6	5	4	10	144	11.7	3
Land Management (\$521)	13.3	6.7	80.0	13	14	1	15	1.2	12
Language & Culture (\$415)	9.1	40.9	50.0	14	1	4	22	1.8	11
Law Enforcement (\$2,373)	15.8	28.1	56.1	12	11	3	57	4.6	9
Social Service Programs (\$761)	36.5	32.7	30.8	3	6	11	104	8.5	6

\*Rank: 1=highest

**Question 5: Please rank the top three program areas where you think the GNWT can find savings to support increases in other areas.**

	%			Rank*			Cumulative responses	Share (%)	Rank*
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>s</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>			
Health Services & Health Programs (\$10,786)	25.1	51.3	23.6	6	2	13	191	16.3	1
Infrastructure Services (\$5,876)	57.5	15.0	27.4	2	13	11	113	9.6	3
Early Childhood & Schools (\$4,701)	19.4	40.3	40.3	7	6	7	67	5.7	7
Income Security & Cost of Living (\$3,742)	45.5	27.3	27.3	4	10	12	55	4.7	10
Administration & Internal Services (\$3,415)	73.7	12.8	13.4	1	14	14	179	15.2	2
Community Supports & Services (\$3,072)	19.1	40.4	40.4	8	5	5	47	4.0	13
Environment & Energy (\$2,465)	18.8	37.5	43.8	9	7	3	48	4.1	12
Law Enforcement (\$2,373)	53.1	17.3	29.6	3	12	10	81	6.9	5
Adult Education (\$1,582)	17.3	42.3	40.4	10	4	6	52	4.4	11
Economic Development & Industry (\$1,331)	7.5	56.3	36.3	14	1	8	80	6.8	6
Social Service Programs (\$761)	9.7	32.3	58.1	13	9	1	62	5.3	8
Land Management (\$521)	13.6	37.3	49.2	12	8	2	59	5.0	9
Language & Culture (\$415)	15.4	43.3	41.3	11	3	4	104	8.9	4
Heritage Fund Allocation (\$170)	43.2	24.3	32.4	5	11	9	37	3.1	14

\*Rank: 1=highest

The **Administration & Internal Services** program area received the highest number of responses for finding savings (74%) among top areas, and ranks second highest among all responses cumulatively (15%).

The **Infrastructure Services** program area ranked second highest (58%) as the first response and cumulatively ranked third highest (10%).

The **Law enforcement** program area ranked third highest (53%) as the first response, but drops out of the top three to fifth on a cumulative basis (7%).

**Health Services & Health Programs** was considered by many respondents as a target area for savings and efficiency because it has the highest cumulative rank for top three responses (16%).

*Open-ended Question 5a: Explain how the GNWT could find savings in each of these areas you ranked above.*

Question 5 was an attempt to learn what participants felt the GNWT could do better or actually not do at all in order to have more resources to fund priorities, whether in programs and services or the capital budget. Four main themes emerged from the responses to this question:

- Efficiency/Effectiveness;
- Reallocation;
- Prevention spending to reduce the need to spend in certain programs; and
- Reduction.

#### Efficiency/Effectiveness

A large number of responses focussed on perceived inefficiencies within the GNWT or expressed concern about the effectiveness of some program areas.

Respondents suggested evaluating the effectiveness of programs, finding ways to reduce spending on areas that are not effective, and/or improve effectiveness in the areas in which the government is spending. Many responses suggested eliminating obsolete programs and positions, and to ensure value for infrastructure projects.

In a similar vein, some called for a switch from the current process of approving marginal changes from the previous year to zero-based budgeting, where all expenses must be annually justified, line-by-line. While some suggested hiring external consultants to review GNWT processes or conduct audits to ensure value for money, others felt that the use of consultants lead to unnecessary costs.

Many respondents self-identified as past or current GNWT employees, either by stating this directly or by referencing their experiences as an employee.

In particular, employees expressed concerns with current practices and referenced the need for strong human resources practices to improve effectiveness and reduce costs,

including quality hiring, reviews of new positions, and open and competitive selections. Responses also suggest that respondents feel that the GNWT has too many middle and senior management that are not providing value, and that the overall number and salaries of these positions could be reduced to find savings.

Many responses expressed concern that too many GNWT employees are not working enough, are under used, or are burdened with too many processes that hinder their ability to be productive. The term “repeat work” was used, referring to the same work passing through many hands with no value added. On a related note, there were comments about too many studies and strategies and too little meaningful action.

Comments also made it clear that many respondents do not consider GNWT procurement policies to be effective. Some felt there could be savings by eliminating the Business Incentive Program (BIP) because it inflates prices for the GNWT by reducing competition among bidders, including southern bidders who give the GNWT better value.

Others wanted procurement to be prioritized from local sources and southern contracts be reduced. A number of participants commented that the procurement process does not have sufficient oversight management, suggesting that contractors do not follow the terms of the contracts.

Inefficiencies caused by duplication were raised in various comments and cost savings through eliminating duplicate services was a common theme. There were calls for combining related programs for efficiency savings and to increase accessibility for the people or businesses that need the services (effectiveness). Others noted that duplication between government and the volunteer sector and non-profit organizations caused inefficiencies and froze out the often more effective non-profit organizations.

Specific areas that were signalled out as places to gain efficiencies included:

- Health and Social Services: more Northern services to reduce medical travel costs, delivering health care with phone or internet interfaces where applicable, coordinated medical travel with multiple patients, and program evaluations to justify outcomes with costs. Almost all comments specifically related to medical travel focussed on cost.
- Education: more online service delivery with less travel, creating community learning centres for all ages, providing internet services for accessibility, using a decentralized approach.
- Adult education: cost concerns especially with a low participation rate of eligible persons, poor quality and outcomes, and a disconnection with current labour

market demands. Others called for free child care in place of tuition for adult students who are parents. Within adult and trades education, Aurora College and the idea of a polytechnic university did not receive much in the way of positive support, citing everything from the waste of paying travel for students to attend the Fort Smith apprenticeship programs when most of the apprentices are in Yellowknife, to concerns about being able to afford a good university in the Northwest Territories when many students wanted to leave the territory to receive a broader perspective.

- **Social services:** combining social services and community services so that different organizations were not offering the same services and which would make income subsidies more effective more needs based, calls for wage subsidies instead of direct income support.
- **Environment and land management:** there were references to overlapping and mismanaged programs.
- **Infrastructure:** many were opposed to large infrastructure projects, especially as they added to the cost of operating. Others referred to empty buildings and proposed more efficient use, and better care taken, of the infrastructure that the GNWT currently has.
- **Merging areas for cost efficiencies such as administration:** a few comments suggested merging administrative support functions and one comment proposed eliminating the Department of Lands and merging its programs and services into the departments of Municipal and Community Affairs and Environment and Natural Resources.

A number of comments focussed on what technology could do to increase efficiency and effectiveness. Savings were considered achievable by replacing duty travel with conference calling, more automation in service delivery where applicable, more kiosks to support social distancing and self-service, and smartphone apps for program delivery. References were made to new and improved technology to allow more remote working and reduce office expenses and overhead.

### Reallocation

Some respondents focused on reallocating spending from programs considered less important to other programs where they felt more resources were needed. For example, a number of participants were in favour of allocating less to the Heritage Fund to increase spending in other areas or to delay deposits into the fund until fiscal and economic conditions improve.

Quite a few comments proposed shifting funds for law enforcement to social services funding while others suggested shifting the law enforcement responsibility to communities, with “more local involvement” to build trust and communication among residents.

**Prevention**

Some respondents were comfortable with spending more now to lower service delivery costs in the future. A number of comments promoted more spending on prevention for health, wellness, youth and social areas to reduce costs over time.

Preventative health spending was the most common example cited with additional spending on programs to deal with addiction and mental health proposed to reduce costs in other programs in the future. However, one comment specifically called for spending to close the gap in early childhood learning service delivery in communities to reduce mental health and other serious health issues. Other examples included more focus on housing and infrastructure repairs and maintenance rather than new buildings and other infrastructure.

**Reduction**

In addition to reducing the size of the GNWT and finding efficiencies, other reductions were suggested, including: eliminating pensions; reducing the wages of public service and Members of the Legislative Assembly; imposing mandatory cuts on departmental budgets; eliminating non-essential services; reducing overhead expenditures; and cutting language and culture, health, law enforcement and infrastructure spending. Eliminating Mandatory Leave with Pay was a specific suggestion with some noting that this expense made no sense given that no services were provided for it.

Some comments advocated for across the board percentage-based cuts that could be implemented directly by departments, who were in the best position to evaluate program effectiveness.

**Revenues**

*Question 6: What is the best course of action to address the mismatch between money coming in and what the GNWT is spending?*

	#	%
Increase taxes	47	11.2
Introduce new taxes	50	12.0
Reduce programs and services	136	32.5
Reduce infrastructure investments	124	29.7
N/A	61	14.6

A higher tax burden by either increasing or introducing new taxes was preferred by 23% of respondents while 63% preferred spending reductions to address the mismatch between revenues and expenditure needs. Respondents preferring less spending were roughly split between reducing either operating or capital expenditures.

Nevertheless, responses to other questions included comments proposing to generate more revenue from non-resident individuals and corporations such as with tourism taxes and increased payroll taxes. Other support for increasing taxes such as increasing personal income taxes, introducing a small sales tax, making all communities tax-based, and raising taxes rates on “vices” such as cigarettes and alcohol were considered an acceptable trade-off for better and effective programs.

Others considered increasing the tax burden would create a risk to the economy and it was even proposed to eliminate income tax altogether for a northern advantage. It was suggested that the GNWT lower the overall tax burden in hard times such as the COVID-19 pandemic and take on a modest amount of debt, then reverting taxes to a normal level and pay back the accumulated debt in good times.

## Supporting the Economy

*Question 7: Please choose five of the following areas that you think the GNWT should focus on to support the territorial economy in the future.*

	%					Rank (Top & Bottom 5)					Cumulative Rank*
	1st	2nd	3rd	4th	5th	1st	2nd	3rd	4th	5th	
Agriculture	3.9	7.9	5.7	5.1	3.4		3			16	
Alternative and renewable energy	18.6	15.0	10.4	8.7	6.3	2	1	1	1		1
Building roads to communities	4.4	4.7	3.5	3.9	4.2			16			
Cold climate and climate change research	2.2	7.4	6.0	6.7	4.5		5				
Commercial fishing	1.2	2.9	3.7	3.1	3.9	17	15	14	17	14	15
Community Infrastructure	4.9	6.4	6.2	3.9	7.6					3	
Community market-driven activities	1.5	5.7	7.7	7.2	7.9	14		3	5	2	
Cultural sector: cultural arts, crafts and festivals; performing arts, film and broadcasting	2.2	3.9	4.5	5.7	5.0						
Entrepreneurship	6.4	4.2	7.9	6.9	7.6	5		2		3	5
Food processing/manufacturing	2.0	5.4	5.2	7.7	4.2				4		
Health, wellness, and care programs	15.4	5.4	6.5	8.0	6.1	3			3		3
Manufacturing	0.7	3.4	3.5	3.3	3.7	18	14	16	16	15	16
Mining, oil and gas resources	21.0	9.3	7.2	8.2	7.1	1	2	5	2	5	2
Research institutes & post-secondary university/college	3.2	4.7	7.7	5.7	7.1			3		5	
Traditional hunting and harvesting	2.0	2.5	4.2	3.6	2.4		16		15	17	16
Transportation	1.5	2.5	3.7	4.9	4.2	14	16	14			14
Tourism – international and local	7.6	7.9	6.0	7.2	12.9	4	3		5	1	4
Other	1.5	1.0	0.5	0.3	1.8	14	18	18	18	18	18

Respondents supported the following five industries in first place:

1. Mining, oil and gas resources
2. Alternative and renewable energy
3. Health, wellness, and care programs
4. Tourism – international and local
5. Entrepreneurship

Notably, the top five did not change cumulatively, though first and second switch ranks:

1. Alternative and renewable energy
2. Mining, oil and gas resources
3. Health, wellness, and care programs
4. Tourism – international and local
5. Entrepreneurship

Industries garnering the fewest responses cumulatively are:

18. Other
16. Manufacturing and Traditional hunting and harvesting (tie)
15. Commercial fishing
14. Transportation

*Question 7a: Please provide suggestions for supporting the areas that you identified that the GNWT should focus on to support the future territorial economy.*

This open ended question was asked to delve more deeply into the ideas and perspectives of survey participants in ways that the GNWT could continue to support the economy.

Infrastructure attracted the much attention from respondents and in contrast to Question 5, more comments suggested higher infrastructure spending to support preferred sectors.

Comments also addressed specific industries:

- **Agriculture:** there was support for agriculture subsidies, ideas for research, dedicating Commissioner’s Land to agriculture, better infrastructure, and supply chain management.
- **Food processing:** there was interest in creating more local food security through local processing, marketing support, engagement with local groups, regulations that encourage strong herds and fishing harvests, encouragement for value-added

production (local processing facilities), and increased training and streamlined licencing.

- **Alternative energy:** there was support for several types of energy (biomass, solar, wind, nuclear) and calls for grants, corporate incentives, and community distribution centres.
- **Mining:** suggestions ranged from having more support to reducing GNWT interference. Other comments noted that mining and oil and gas should not need GNWT support.
- **Tourism:** there was support for increased marketing, but also reflected lowering travel costs throughout the North, attraction ideas, accommodation regulations (AirBNB), and cultural sector support.
- **Manufacturing:** a single comment supported building a small-scale industrial shop for manufacturing, printing and metal machining.
- **Polytechnic University/Research:** a number of education, training and subsidy suggestions for economic support were provided. In contrast to Question 5's comments against a polytechnic institution, almost all comments in Question 7 were in favour of some expansion of post-secondary education in the territory. Some comments also recommended the importance of supporting research to a contribution to employment, including climate change, environment and Indigenous-led research.

The way the GNWT conducts its affairs featured prominently among respondents, ranging from comments about reducing bureaucracy for the private sector, procuring goods and services from northern businesses, and working with public-private partnerships (P3).

Among these comments, most were focussed on eliminating red tape. Some called for the GNWT to craft legislation so that would be fair to all sectors, and some emphasized the need to support key sectors or projects (mining, infrastructure). There were comments proposing that GNWT hire employees with more training and offer certification programs, and to provide grants or loans to businesses or non-profit organizations.

Respondents generally were supportive of more engagement with communities, including partnering with community-led initiatives, more services and the funding to facilitate it.

Land claims received attention from respondents, echoing comments in question 5 calling for land claims to be settled to support economic development. A centralized approach to

environmental boards was proposed to streamline processes. More stringent timelines for decisions and better transparency were suggested for increasing certainty for business.

Half of the cost of living comments were centred on electricity, alternative energy and energy efficiency, but all highlighted that Northwest Territories is an expensive place to live and do business. One comment suggested lowering GNWT operating costs by having more automated processes and online services, which overlapped with comments on increased GNWT efficiency.

Respondents suggested more support for small business and noted the difficulty that some small businesses faced through competition from the GNWT and the mining sector for labour. While some wanted less GNWT interference, others argued for more spending on prevention for health, wellness, youth and social areas to reduce costs over time. The suggestions on tax were generally looking at revenue generation from non-residents and wealthy residents. Tourism taxes and the payroll tax were offered as tools to do so. A couple comments suggested tax incentives for alternative energy and innovation.

The COVID-19 pandemic was mentioned as an area where the GNWT could improve, with more support, opening the border, and the worry that non-GNWT employees have little recourse but to move out of the territory to survive.

Several comments suggested investment in labour in one way or another would support economic development. Incentives could be offered to increase the take-up of training with more educational opportunities for youth would improve the labour market or free tuition on the condition that graduates work in the Northwest Territories for several years afterwards. A comment that affordable childcare as a labour-force improving measure was made.

*Question 8: What barriers do local, private sector businesses face in the NWT? How can the GNWT help to remove these barriers?*

When asked about barriers faced by businesses, the main themes were:

- Cost of living, especially utilities and rent,
- Competitiveness,
- Need for more labour, particularly more skilled labour,
- Access to land, including land management, unsettled land claims, and
- Regulations and red tape.

*Cost of Living*

Half of the cost of living comments mentioned electricity, alternative energy and energy efficiency. All comments related to living costs highlighted that Northwest Territories is an

expensive place to live and do business. Cost of living is widely considered to be too high for both residents and business and a significant barrier to local business. Factors most commonly cited are not new: most were about utilities (power, heating), property tax, corporate income tax, labour recruitment and retention, housing, rentals and leasing, food, internet, and transportation costs within the territory compared to travel costs outside the territory.

### *Competitiveness*

Economic competitiveness combined with high compensation levels in the GNWT and mining sector was highlighted as making it difficult for private business to retain its staff, especially for lower skill levels.

A high degree of market power was also a concern for rents for commercial space and high leasing costs.

### *Need for more labour, particularly more skilled labour*

Respondents cited a lack of skills in the local labour market as another barrier and related fly-in/fly-out labour as a barrier as these workers do not contribute to the local economy.

Several comments suggested investment in labour would support economic development including incentives to increase the take-up of training. More educational opportunities for youth were suggested to improve the labour market, as well as free tuition on the condition that graduates work in the Northwest Territories for several years afterwards. A comment that affordable childcare as a labour-force improving measure was made. Child care was suggested to be free for all families and to remove barriers to entering the labour market.

### *Access to land, including land management, unsettled land claims*

A common theme was the need to settle and honour land claims. A number of comments noted that the ability for businesses to invest would be improved with better land management policies so that businesses are able to own rather than lease land, especially outside of community boundaries.

Frustration was noted that regulations surrounding land management were inefficient and impediments to economic development.

### *Regulations and red tape*

Frustration was expressed regarding licensing and permitting, including at the municipal level, noting that complying with regulations that take too long or too many resources for new and open businesses and delays in decision-making that hinder business. Respondents cited a lack of responsiveness by the GNWT to address questions on required paperwork and suggested the GNWT could be more supportive in terms of navigating bureaucracy for

entrepreneurs and businesses. Some comments proposed new GNWT services to help entrepreneurs navigate bureaucracy (similar to the Pathfinder position in the Integrated Case Management program). The Workers Safety and Compensation Commission (WSSC) was singled out with too many regulations to manage negligible risk.

As well, there were proposals to devolve significant regulation-making ability to the communities so that decision-making would be faster and more closely reflect local values.

Procurement processes featured prominently among respondents, including reducing bureaucracy for the private sector, procuring goods and services from northern businesses, and working with public-private partnerships (P3).

The GNWT response to the COVID-19 pandemic was frequently mentioned as an area where the GNWT could improve to better support the economy.

### Question 9: Is there anything else you would like to add about the budget?

Participants used this “catch-all” question to reinforce comments and suggestions from previous questions and also to add some criticism on the dialogue materials and survey including:

- Concern that the background materials implied supporting the economy and raising own source revenues did not matter since federal government transfers make up the majority of GNWT revenues; and
- The survey was misleading and misinforming for various reasons.

Participants also used this question to offer suggestions for improving the budget such as having more evaluations to help end programs that have outlived their purpose or relevance, involving more GNWT employees directly in the budgeting process to find savings, and considering the risk to performance with the increasing focus on internal GNWT processes instead of the final product for end users (services delivered to residents). Others expressed the hope that the GNWT “can look beyond the next election cycle to budget decisions that will be the most beneficial to the Northwest Territories in the long run”, advised that the GNWT needs to be realistic in its budgeting and conveyed the expectation that the comments would be considered in the budget process.

## Demographics

### 10. Where do you live?

Behchokò	1	0.5%
Fort McPherson	3	1.5%
Fort Simpson	6	3.0%
Fort Smith	5	2.5%
Gamètì	1	0.5%
Hay River	10	5.0%
Inuvik	12	6.0%
Norman Wells	2	1.0%
Paulatuk	1	0.5%
Tuktoyaktuk	1	0.5%
Tulita	2	1.0%
Whatì	2	1.0%
Wrigley	1	0.5%
Yellowknife	151	75.9%
Total	198	100.0%

### 11. What is your gender?

Respondents who included their gender were relatively evenly divided between men (82) and women (91) with two two-spirit, one non-binary and 22 who did not identify.

### 12. How old are you?

17 or younger	1
18-39	88
40-59	83
60 or older	23

## C. Submissions

The GNWT received two submissions separate from the webinar and survey. These submissions were made by two organizations:

- Canadian Cancer Society
- Union of Northern Workers.

An overview of each of these submissions follows below.

### Canadian Cancer Society (CCS)

CCS recommended that the GNWT increase taxes on smoking and vaping as a means to improve public health and the quality of life in the Northwest Territories.

CCS feels that doing so would, in addition to the health benefits and higher quality of life, generate increased revenue and reduce health care costs.

### Union of Northern Workers (UNW)

UNW took a number of positions, the main ones being:

1. Opposition to the use of public-private partnerships.
2. Need to maintain the numbers and pay levels of the public service.
3. Infrastructure spending should be focused on public projects that employ northern residents during construction, and help reduce overall cost of living.
4. When determining whether non-renewable resource projects should be supported, several factors should be taken into consideration:
  - A company's track record with regard to creating and protecting local jobs;
  - Its history of insolvency proceedings; and
  - Real return on investment versus alternative uses of those funds.

UNW supported several other opinions, including continued Heritage Fund contributions, core funding for non-governmental organizations, universal child care for all Northwest Territories families, universal basic income, a review of corporate and payroll taxation, and UNW involvement on finding government efficiencies through consultations.

## Budget Dialogues 2020 Next Steps

Budget Dialogues 2020 was the first step in an ongoing dialogue with Northerners about the fiscal constraints facing the GNWT and the priorities in a limited budget. This report summarizes the results of the dialogue and will be used in the upcoming budget planning cycle.

Many of the themes and recommendations that have emerged from the dialogue are in areas already identified by the 19th Legislative Assembly as priorities and in the GNWT mandate. There were no surprises in the themes that emerged from the survey and a wide variety of opposing opinions to be considered.

The dialogue results, especially the recommendations for improving effectiveness and efficiency, lines up with the Budget 2020 commitment for a more consistent approach to program evaluation and will be shared with all GNWT departments. The level of frustration from some participants that these issues are raised and discussed over many years with little to no progress has been heard and will be taken back to departments for effective and efficient resolutions. Departments will be asked to respond with work already underway in these areas, opportunities for future work, and timelines to complete new actions.

The suggestions to better use GNWT employees' ideas for improved spending needs quick and thoughtful implementation to ensure continuation of the "whole of government" approach and to avoid pitting one set of needs against another. All departments will be involved in performance measure development and monitoring to ensure Northwest Territories residents are getting the best returns on GNWT spending and investments.

The Department of Finance intends to continue this dialogue next spring to report back to Northerners on progress made to address what was heard in Budget Dialogues 2020 and to seek feedback on directions taken, including confirming that the actions taken match Northerners' priorities.

## Appendix – Webinar Participant Statistics

### Methodology

- Data for sign ons that lasted less than one minute represented a technical error.
- There were a number of users who were logged on for a greater amount of time than the sessions themselves, which could be mainly people who signed on early so to make the reporting more accurate, the sign-on times were adjusted for these users to equal the duration of the call (assumes they watched the whole thing).
- Anonymous users were assumed to be unique users but there is no way of knowing if they included duplicates (signed on more than once).

#### *July 23 @ 7:00 PM*

There were 84 log ins for the session, 48 were identified users, 30 anonymous logins:

- Average time on call: 41.6 minutes
- Median time on call: 33 minutes
- 50 users stayed on the call for 20 minutes or more; 29 stayed on for more than 60 minutes

#### *July 24 @ 12:00 PM*

There were 69 total log ins for the session, 47 were identified users, 22 logins were anonymous:

- Average time on call: 38.7 minutes
- Median time on call: 35 minutes
- 39 users stayed on the call for 20 minutes or more; 30 stayed on for more than 40 minutes

#### *July 28 @ 7:00 PM*

- 26 log-ins, 17 identified users, 9 anonymous
- Average time on call: 35.2 minutes
- Median time on call: 37.8 minutes
- 17 users on the call for 15 minutes or more; 13 users on the call for 43.5 minutes or more

#### *July 30 @ 12:00 PM*

- 70 users logged on. All were GNWT employees.
- Average time on call: 36 minutes (session lasted 60 minutes)
- Median time on call: 46 minutes
- 50 users on call for 15 minutes or more; 37 users on call for 45 minutes or more