Northwest Territories

Backgrounder

Budget 2013-14 Highlights

- The 2013-14 Budget addresses the key priorities of the 17th Assembly and views expressed during Budget Dialogue 2012 with new investments while ensuring growth in spending is affordable and sustainable.
- Despite persistent global economic uncertainty, the NWT economy is showing signs of recovery, including improvements in labour income, retail sales and wholesale trade. Pending regulatory approvals and the right economic conditions, up to seven new mines could begin production in the next five years and companies have committed more than $600 million for oil and gas exploration in the Sahtu over the next five years.
- The Budget projects an operating surplus of $113 million in 2013-14 from revenues of $1.61 billion and expenditures of $1.50 billion. The GNWT expects to reduce borrowing from an estimated $609 million at March 31, 2013 to $581 million at March 31, 2014, allowing $219 million in borrowing room. Nearly 60 cents of every dollar is budgeted for education, health care, social services, housing, policing, and corrections programs.
- The GNWT's $139 million planned investment in 2013-14 in public infrastructure and housing will be financed partly through the budgeted $113 million operating surplus, consistent with the GNWT's policy of funding at least half of capital investment with cash generated from operating surpluses.

2013-14 Expenditure Initiatives

The 2013-14 Budget proposes to invest $22 million in priority initiatives.

- ***Prevention and Well-Being*** – A total of $3.3 million will be invested in strategic initiatives that support prevention and well-being of individuals, families and communities, including:
  - $1.15 million for mental health and addictions prevention and awareness initiatives, focusing on youth, on-the-land programs, and improvements in case management and services for people dealing with mental health issues.
  - $449,000 to begin expansion of the Midwifery Program.
  - $1.13 million to increase staffing levels at long-term care facilities.
  - $247,000 for additional RCMP resources and victim services programming in Tulita to help frontline staff respond to additional demands.

- ***Sustainable Economic Development*** – This Budget proposes $13.7 million in economic diversification and growth initiatives including:
  - $7 million to advance the Mackenzie Valley Fibre Optic Link project, a high-speed data link that will dramatically improve connectivity and provide opportunities for entry into knowledge-based industries.
  - $600,000 to increase tourism marketing to protect the NWT's share of the aurora viewing market and to take advantage of new markets and opportunities.

- ***Energy Conservation and Diversification*** – Budget 2013-14 invests $3.5 million in new energy initiatives and another $1.65 million will be sought in a supplementary appropriation to convert the Norman Wells school and airport to biomass heating, to bring total new energy investments to $5.15 million, including:
  - $700,000 to support the NT Energy Corp. in developing hydroelectric resources and exploring alternative energy opportunities in biomass, geothermal and solar.
  - $250,000 towards the development of a regulatory application for the proposed 65 km transmission line that would connect Whatì to the Snare hydro system.
  - $400,000 for initiatives in support of the *NWT Biomass Energy Strategy*.
  - $250,000 to add solar electricity systems to two diesel community grids, adding up to 40kW of installed capacity.
  - $100,000 to advance work on a small scale community wind energy project through community consultation and site selection.
  - $700,000 to install energy-efficient wood pellet boilers in multi-unit public housing.

- ***Increasing Government Efficiency and Effectiveness*** – This Budget proposes $1.6 million in initiatives that will yield internal efficiencies or improve the effectiveness of existing programs and services, including:
  - $489,000 to support a partial deployment of the Electronic Medical Records system, providing the foundation for future territory-wide implementation.
  - $550,000 to build capacity in clinical governance, including resources to provide needed medical clinical leadership and developing and monitoring clinical practice guidelines, standards and protocols.
  - $472,000 to improve medevac services, ensuring all Northerners continue to receive high standard levels of care.

- In 2013-14, the GNWT will create 29 positions outside Yellowknife in support of the 17th Assembly's priority of increasing employment opportunities where they are most needed.

Revenue Initiatives - Budget 2013-14 contains no new taxes. However, effective April 1, 2013, property tax mill rates and a number of fees will be adjusted for inflation, in line with the GNWT's inflation indexation policy on taxes and fees.

Looking Forward – Fiscal Strategy

The GNWT's fiscal strategy concentrates on restraining expenditure growth to generate operating surpluses to pay down short-term borrowing and provide funds to invest in infrastructure. The fiscal strategy caps growth in existing programs and services at $25 million in 2014-15 and 1.5 per cent thereafter. This will allow the GNWT to increase infrastructure investment by $50 million in 2014-15 and 2015-16 and make additional investments such as the Inuvik to Tuktoyaktuk highway and the Mackenzie Valley Fibre Optic Link, while keeping a $100 million cushion under the federally legislated borrowing limit of $800 million.

New revenues from completion of a Devolution Agreement will not change the current fiscal strategy targets because the GNWT is committed to using revenues from non-renewable resources responsibly, including paying down debt, investing in infrastructure to grow the economy, and saving in the Heritage Fund, rather than spending on day-to-day operations.